The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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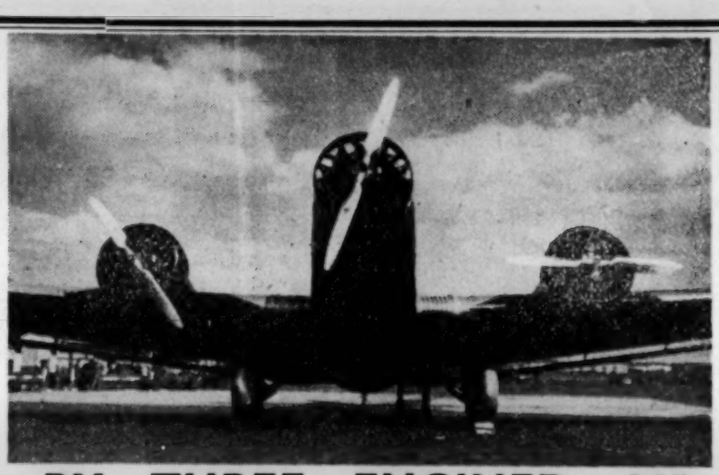

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Formerly Millard's Review

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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MATTERS OF JUDICIAL PRIVILEGE

IN the ordinary course of summarizing the principal events of the week, *The Review* on page 139, Dec. 28 issue, printed a small item which contained a remark, including an epithet, made by Judge P. Grant Jones of the British Supreme Court in connection with a case before him concerning a check drawn on the defunct American-Oriental Banking Corporation. There can be little doubt that the Judge was correctly quoted, as among other places where it is recorded is the *North China Herald*, which has as its subtitle the "Supreme Court and Consular Gazette," and as such its reports are taken as official and frequently quoted in the British Supreme Court procedure. It struck us at the time that the British Judge was going somewhat out of his way to pass judgment concerning something that was not before his court, but in the same way as the Judge was privileged to make the remark, even though it was uncalled for, so we were privileged to print it as a matter of public information. The said Judge, it may be mentioned, has a habit of making extemporaneous sarcastic remarks—one made a month or so previously in which he referred to the business acumen of women in general in very uncomplimentary terms being a case in point. Judges naturally have a wide latitude as to the remarks they make in the course of their judicial duties. Some judges refrain entirely from making any remarks not strictly required for the purpose of doing justice in the matters before them. Others delight in relieving the tedium of the grinding court routine by interspersing the proceedings with lively, and not infrequently irrelevant, comments. Such remarks usually do no harm. The main thing is that the Judge should honestly try to do justice (within the limits of the laws with which he is bound) in the cases before him, and in this respect, Shanghai judges of all nationalities have, generally speaking, a high reputation. It would, however, doubtless be better if Judges in this international port would refrain from remarks that impinge upon the sphere of courts of other nationalities. Speaking of judicial privilege, it may be mentioned incidentally, that in Milwaukee, Wisconsin, last month, Judge A. J. Hedding shouted at an unemployed man brought before him, charged

with beating his mother and causing her death, "That grin on your face is tempting me to clip you right on the jaw. . . . Get him out of here before I forget myself."

RIO DE JANEIRO FOLLOWS SHANGHAI IN A BUILDING BOOM

BRAZIL has in recent months loomed large in the world's news because of the steady stream of Japanese colonists which is headed in that direction, the announced purpose of Japanese spinners to increase their purchases of Brazilian cotton, and the Communist revolution which broke out several months ago. But there is a much more important development going on in this largest of South American Republics. Rio de Janeiro, the premier city of the country, is in the midst of a building boom similar to that which Shanghai experienced several years ago, and also for somewhat similar reasons. At the present time Brazilian currency, reckoned in terms of hard metal or of countries with a gold standard (as for example, France) has become exceedingly cheap. It is to be noted that the building boom in Shanghai reached its zenith several years ago when the Shanghai exchange rate on America hovered between four and five local dollars to one U. S. dollar. The building boom here resulted from the low exchange rate, intensified by the fear that the price of the local dollar might go still lower. A similar state of affairs is operating in the capital of Brazil. The unit of currency there, the *reis*, has reached a very low level, and the indications are that it will go still lower. The result has been a rush of real estate buying and a boom in building. Already years ago China made itself independent of foreign supplies of cement—so necessary in these days of concrete construction—by the installation of modern cement mills in various parts the country. Brazil has been somewhat slower than China in realizing the necessity for manufacturing its own cement, but now, with the building boom in full swing, said country is making up for lost time. Cement mills of most modern design are being constructed and excavating machinery of the latest type is being installed to dig out the necessary raw materials—this, despite the fact that the shale deposits in the Rio de Janiero region are of such poor quality that no cement works in the United States would think of making use of them. However, the Brazilian government has put on a duty stiff enough to shut out foreign competition even though the local product has to be sold at what in most parts of the world would be considered an exorbitant price. Prominent in the development of the cement industry in Brazil is W. F. Carey (the Carey of the ill-fated Siems-Carey railway project in Shantung in 1916-17), a former member of the board of directors of Andersen, Meyer & Co., Ltd. (American incorporated, largest machinery house in China), and at present president of Madison Square Garden, New York City; also a director of the International Cement Corporation, New York City.

JAPANESE INDUSTRIALISTS NOW TURN TO SOUTH CHINA

THE *Tokyo Hochi* Dec. 25 stated that the Sumitomo Interests, the leading financial establishment in Western Japan, now enjoying a munitions boom to the full, have recently obtained the rights through a secret agreement with the leaders of South China, Li Tsung-jen and Pai Chung-hsi—through the good offices of Shinji Soko, president of the Kochu Koshi (China Development Company), Kozui Ohtani and certain influential persons in Tokyo military circles—for a Yen 15,000,000 enterprise. The Sumitomo, it was mentioned, during the last few years amassed a huge capital and established the Manchuria Steel Tube Company in Manchukuo in September last year, thus making its first advance outside Japan. The year when the North China Incident cropped up the Sumitomo dispatched its managing director, Mr. Kawada, to North China to investigate economic possibilities in that region, at the same time watching the South China region along the line of Japan's State policy. The Sumitomo in due course established relations with the provincial government of Kwangsi and decided to invest heavily in South China first, instead of in North China. It is understand that what the Sumitomo has obtained are mining rights to develop gold, iron, manganese, tungsten, and other metallic mines. In payment for these rights the Sumitomo proposes to export Yen 15,000,000 worth of munitions products, chiefly the products of the Sumitomo Metallic Industry Company, and send monthly export of 3,000 tons of oil manufactured at the Shintsu Oil Refinery backed by Teppei Nakano, Managing Director of the Japan Oil Company. As an organ to develop the mines and transport the goods from Japan to Kwangsi, a Sino-Japanese joint-capital company is to be organized this month with Taiko Sha, hailing from Takao, Formosa, as the representative on the spot.Offices have already been established in Kwangsi by the Sumitomo interests, and theirs is but one of several enterprises in South China which Japanese financiers and business men are either contemplating or in the process of developing.

ANOTHER MODERN DEPARTMENT STORE OPENED IN SHANGHAI

THE opening this week of still another large department store on Nanking road in Shanghai—the Sun Company, at the corner of Thibet Road—calls attention once more to the fact that the old-fashioned foreign-managed department stores here, which one after another are graudally going out of business, missed an enormous opportunity. The old British department stores failed to see that their opportunity lay in the enormous and growing Chinese market. Their doom, to a large extent, was sealed when the first Chinese-owned department store was opened on Nanking Road about two decades ago. Now there are four such stores within the Chekiang-Tibet Road block, and they are all exceedingly well managed. An article in another column by

Julean Arnold, U. S. Commercial Attache outlines the department's store's place in the community. A stroll through the magnificent newly opened Sun Company's premises with its wonderful display of imported and local merchandise, impresses one with the fact that the Sun Co. has largely approximated the ideals outlined by Mr. Arnold. The Sun Co. is one more example of the great strides which the Chinese have made in merchandising.

Dr. Hu Shih's Demand for Open Diplomacy and Some Recent Developments

BETWEEN December 9 and 24 a Japanese officered mixed force of Japanese, Mongols and so-called Manchukuoan troops moved directly across Chahar Province from Dolonor on the Jehol border of Manchukuo to Shangtu on the eastern border of Suiyuan Province. The invading force occupied six hsiens or counties of Chahar Province, the area being roughly 150 miles from north to south and 250 miles from east to west. Actually it meant that the Japanese had occupied all of Chahar Province excepting the mountainous and largely barren southern section. They did not directly seize the strategic provincial capital and railway division point, Kalgan, but they are in a position to take it at any time they may desire. They have a so-called military "mission" in Kalgan; their military trucks monopolize the streets and no Chinese official in Kalgan dares take any important action without first conferring with the Japanese military mission.

The Japanese army accomplished this occupation or "annexation" of Chahar with a minimum of publicity and had it not been for the resistence of a small force of police and local militia at the town of Kuyuan, probably nothing at all would have been printed.

On Jan. 1 the *North China Star*, American paper in Tientsin, published a news item of exactly 4-inches in length under a heading in small type which read, "Agreement Reached for Policing of Six Disputed Chahar Hsiens."

It was the publication of this little item, alleging that China had agreed to the Japanese seizures of another Chinese province which made Dr. Hu Shih's declaration on secret diplomacy stand out so prominently. Dr. Hu Shih, China's outstanding philosopher, is a member of the faculty of Peking National Univerity, of which Dr. Chiang Mon-lin is president. Both have been charged by the Japanese with responsibility for stirring up student agitations, and, needless to state, both have been marked for expulsion from North China just as soon as the Japanese decide to give the order for their deportation to the local Chinese authorities. Dr. Hu Shih's declaration on secret diplomacy was printed in the independent Chinese newspaper *Ta Kung Pao* at Tientsin on Dec. 30. He urged the publication of all Sino-Japanese diplomatic agreements since the Japanese occupation of Mukden in the fall of 1931, declaring that the Chinese people are entitled to know the exact position of their country. He said that the attempted assassination of Wang Ching-wei, head of he Nanking Executive Yuan and the murder of Tang Yu-jen, vice-minister of Foreign Affairs, were due to misunderstanding resulting from the secrecy surrounding diplomatic proceedings.

As stated, it was the publication on the following day of the little 4-inch item telling of the "settlement" of the Chahar incident which gave point to Dr. Hu Shih's declaration on secret diplomacy. The news item was circulated by the *United Press* and was to the following effect:

> Peiping, Dec. 31—Agreement for the joint policing of the six disputed hsiens in Eastern Chahar by Chinese and Mongol Peace Preservation Corps detachments, and the retention of Chinese magistrates, was reached in Tientsin, according to reliable Chinese sources here.
>
> According to the report, Chinese Peace Preservation units will be limited to 150 men, while the Mongol Peace Preservation units will be limited to 200 men in each hsien.
>
> The agreement, it is reported, was made between the commander of the Japanese North China Garrison and officials of the Hopei-Chahar Political Council.
>
> The six hsiens involved are: Kuyuan, Paochang, Kangpao, Huateh, Changpei and Shangtu. They stretch from the Manchukuo border due west to the Suiyuan border.

Nothing could better exemplify the secret diplomatic methods which the Japanese military authorities have used than the content of this small news item. In the first place it referred to the Chahar incident as a "dispute" over the policing of six hsiens or counties of the province. It alleged that an agreement had been made whereby each county would, in future, be controlled by Peace Preservation corps composed of 200 Mongols and 150 Chinese and that Chinese magistrates "would be retained." Finally it stated that this momentous agreement had been concluded by the commander of the Japanese garrison at Tientsin and the officials of the Hopei-Chahar Political Council.

And so it was!

A few days before Christmas, Gen. Sung Cheh-yuan, chairman of the Hopei-Charhar Political Council, accompanied by a large staff, went to Tientsin, announcedly on private business. Also in Tientsin at the same time were Gen. Kenji Doihara, head of the special service department of the Kwantung army; Col. Tan Takahashi, Japanese military attache at Peiping and Gen. Hayao Tada, commander of the Japanese garrison at Tientsin. While in Tientsin on "private business" Gen. Sung apparently accomplished two important things: he allegedly "settled" the Chahar incident and seized the head offices of the Peiping-Mukden railway and installed as managing director, one

Chen Chueh-shen who had been recommended to the position by the Japanese. Mr. Chen, according to report in Peiping, although of Chinese blood, was born in Japan, hence is a Japanese subject. His appointment will greatly simplify the taking over of the Peiping-Mukden railway by the Japanese South Manchuria line, an action which has been in contemplation since the signing of the (secret) Tangku truce on May 31, 1933.

Of course, the Chahar incident was a "dispute" over the policing of the six most important hsiens or counties of the province. It was a dispute quite similar to that involved in Mussolini's attempted occupation of Abyssinia, the only difference being that the Abyssinians are fighting. In the case of Chahar the Japanese launched their initial drive into that province last summer when they "demilitarized" a considerable area along the border which they claimed belonged to the so-called Demilitarized Zone covered in the Tangku Truce. Gen. Sung Cheh-yuan, then chairman of Chahar, put up considerable resistence but was called off and ultimately dismissed from the chairmanship of Chahar as a result of Japanese pressure at Nanking. Gen. Sung claimed his dismissal from Chahar was ordered by Wang Ching-wei, then head of the Nanking Executive Yuan. At any rate he got out and after a few weeks sulking in his tent at Tientsin ultimately returned to military power at Peiping, one division of his claimed 60,000 troops having in the meantime been withdrawn from Chahar to the Peiping area. Yang Chao-keng, commissioner of civil affairs at Kalgan, in a recent conversation with foreign newspaper correspondents, claimed that had Sung's troops been left in Chahar and supported by the Central Government, the Japanese would not have been able to occupy the province. Aside from a small force of Sung's soldiers still in Kalgan, the rest of the province was entirely undefended except by so-called peace preservation corps and local militia armed with antiquated rifles and little or no ammunition. The situation was thus ready-made for the Japanese when they launched their recent drive across the province—an important point to keep in mind because it enabled the Japanese to say that there was "little or no resistance" and that the towns "went over" voluntarily to the Japanese and other forces from Manchukuo. Incidentally the unit which the Japanese army sent across the province in the recent occupation was led by a Gen. Li Shou-hsin, part Mongol, who for years had followed the profession of banditry in the vicinity of Dolonor prior to the Japanese occupation of the Manchurian provinces in the fall of 1931.

Dr. Hu Shih, in his recent article in the *Ta Kung Pao* on secret diplomacy, urged the National Government to publish the full terms of the two military agreements which the Japanese have forced on North China, the Tangku Truce and the Ho-Umetsu agreement. He said this would also enable the public to determine the question of responsibility. It was alleged, at the time the Tangku Truce was signed on May 31, 1933, that it only provided for the mutual withdrawal of troops, and the creation and policing of the demilitarized zone. But the Japanese have since read into that agreement everything that was contained in the full text of the notorious Twenty-One Demands which the Japanese army tried to force on China in 1914 during the World War, but which the Japanese Government had to withdraw because of a strong Anglo-American protest. Of most damaging consequence was the permission which China granted the Japanese government-controlled and operated South Manchuria railway to operate trains over the tracks of the Chinese-owned Peiping-Mukden railway into Peiping, thus creating a situation in North China similar to that which prevailed at Mukden prior to the Japanese occupation.

Then on top of the Tanku Truce came another Sino-Japanese secret military agreement, the so-called Ho-Umetsu compact allegedly signed by Gen. Ho Hing-chin, Chinese War Minister, and Gen. Umetsu, commander of the Japanese troops in North China last summer. The first knowledge which the public had of this agreement was when the Japanese *Rengo* news service published the alleged text a few weeks ago, allegedly showing that Gen. Ho had agreed to evacuate all Central Government troops from Hopei Province and not send them back and in addition had agreed not to appoint any Chinese officials in North China without first obtaining the approval of the Japanese army. If correct, this meant the handing over of actual control to the Japanese army, thus paving the way for the recent creation of the "autonomous" regimes, at Peiping, within the Demilitarized Zone and in Eastern Inner-Mongolia.

In concluding his article on the necessity for Open Diplomacy, Dr. Hu Shih declared:

> "In the first place, the existing diplomatic plight of the country is not entirely due to the policy of secrecy maintained by the Government; the lack of co-ordination and co-operation between the various authorities entrusted with the conduct of diplomatic affairs is responsible in no small measure for the present state of affairs. We need not dwell on the danger of this here. Suffice it to say that if the object of open diplomacy is to be attained, there must be a centralized control of foreign affairs. In recent years there has been frequent mutual recrimination between the Central authorities and local authorities concerning diplomatic negotiations owing to the lack of a clear demarcation of authority. As a matter of fact, both sides have been guilty of the practice of secret diplomacy. If this evil is to be avoided in the future, the National Government must have full control over provincial and local authorities charged with the conduct of diplomatic affairs.
>
> "Secondly, it is not sufficient to demand that the Government give full publicity to its diplomatic proceedings. The Government must from time to time inform the public of the policy decided upon with regard to a given diplomatic case. It is true that sometimes it is virtually impossible for the Government to disclose its policy beforehand, but certain general principles could be published for the information of the public without endangering national interests. Thirdly and lastly the Government must give the people full freedom to discuss what has been published by the diplomatic authorities. In other words, freedom of speech and of the press must be protected."

Germany to Be First to Recognize Puppet State of Manchukuo?

GERMANY is preparing to recognize the puppet state of Manchukuo! There is no other conclusion to be drawn from the intensive investigations and negotiations extending over many weeks which a German economic mission has been making and which are now reaching a conclusion in Tokyo. Unlike the American and British missions which centered their interest in China, the German mission, headed by Dr. Otto Keip, has spent nearly all of its time in Japan and Manchukuo. Now the members are back in Tokyo putting the finishing touches on what Japanese diplomats call a "trade agreement."But it is more or less obvious there can be no trade agreement without diplomatic recognition.

The Japanese *Rengo* service announced in the course of a long report from Hsinking on Dec. 27 that prospects for an early German-Manchukuo trade agreement had been materially advanced by the visit of the German mission. The German experts spent a month in the puppet state and were accompanied back to Tokyo by three high Japanese officials who occupy executive positions in the Manchukuo government. They were Mr. Matsushima, Chief of the Agricultural Affairs Bureau of the Ministry of Industry; Mr. Kato, Chief of the trade affairs section of the Hsinking Foreign Office; and Mr. Ito, head of the document section of the Foreign Office. Dr. Keip, head of the mission, was optimistic for the future of Germany's trade with the puppet state and said that a trade agreement was necessary because of Germany's extensive purchase of soya beans. But there are rumors that there is more than soya beans behind the German-Japanese negotiations and that the German experts are being consulted on the establishment of certain industries in Manchukuo which Japan requires in her expected war with the Soviet Union. It was rumored, particularly in North China, that the new community of interest which has developed between Japan and Germany due to their mutual hatred of the Russian Reds may shortly develop into an outright military alliance. At present, however, interest is centered in an adjustment of the triangular trade of Germany, Japan and Manchukuo.

The prospects in this regard are considered favorable because Germany buys large quantities of soya beans in Manchukuo, but up to the present, has sold little in the puppet state. On the other hand, Japan buys extensively of German machinery, but sells comparatively little in Germany.

The *Nichi Nichi Shimbun*, leading Tokyo daily, said on Dec. 12 that the economic mission which the German Government had sent to the Far East was expected shortly to complete the final negotiations for adjusting the trade relations of Japan, Manchukuo and Germany. This adjustment had become necessary, in the opinion of a spokesman of the Tokyo Foreign Office, because Germany, more than any other European country, had felt the force of Japanese competition in Far Eastern markets. The Germans had about reached the conclusion that the sale of their newly-patented machinery in the Island Empire was only serving to increase the competitive strength of the Japanese. Also it was found impossible to adjust German-Japanese trade on the "quota" or "barter" bases because of Japan's inability to supply the raw products which Germany required and most of which she obtained from Manchukuo and China. The *Nichi Nichi* stated that while the mission was in Dairen there had been extensive discussion with the executives of the South Manchuria Railway for the sale of German machinery and products of engineering technique. Also it was reported in other quarters that the Germans had held conversations with the directors of the "Kochu Company", a Yen 10,000,000 concern which the Japanese are now organizing for the exploitation of their new territorial acquisitions in North China.

The Kochu, or North China Development Company, was promoted by Shinji Soko, a former director of the South Manchuria Railway, with the object that it should occupy the vanguard position in exploiting the resources of North China. The capital of the new concern was supplied by the S.M.R. (one-third), Manchukuo Government (one-third) and the balance by the large Japanese concerns such as Mitsui, Mitsubishi, etc. Among the directors are Haruichi Utsumi, Chief of the East Asia section of the S.M.R.; Shinji Okumura, Chief of the business section of the S.M.R., Keizo Ichida, managing director of Yamashita Kisen Kaisha; Kiyoshuke Kotani, S.M.R. Economic Institute; Katsunosuke Shimada, director of Mitsui Gomei Kaisha; Momotaro Miyakegawa, Chairman of the board of Mitsuibishi Trading Company; Taro Komosi, director of the Industrial Bank of Japan and also representative of other financial interests in Tokyo; Jun Kawada, director of Sumitomo Goshi Kaisha; and Shozo Murata, president of Osaka Shosen Kaisha, representative of financial interests in Tokyo. According to the *Asahi Shimbun* (Dec. 15), the formation of the new company was inspired by the War and Foreign Offices of the Japanese Government, the purpose being to "guide" the people in connection with Japan's exploitation of the resources of North China.

The activities of the German Economic Mission in Japan and early prospects of a German-Manchukuo trade agreement with German recognition of Manchukuo constitute the first tangible evidence of a rapid drift toward a Japan-German military alliance. Recently all of Japan's military attaches and observers in Europe held a secret conference in Berlin, the purpose being, according to reports published in the United States, to devise means of combatting the "Third International," another way of stating the fundamental objective—an alliance against the Soviet Union.

Since Germans have had very close relations with the Chinese Government, in the training of China's new national army, presumably to enable China to defend herself against Japan, the reports of a pending Japan-German military alliance have brought about a ticklish situation in the relations of Germany and China. In some quarters it was hinted that the Germans are acting as mediators between Japan and China with the object of bringing China within the scope of the Japan-German military compact. This explanation in a sense fits into the situation in North China where the Japanese are trying to consolidate their position for the now thought-to-be inevitable struggle with the Soviets, either directly or through Outer Mongolia. It will be remembered that the third point of Koki Hirota's "Three Point Program" in China involves "cooperation" of the two countries against the spread of communistic influence in North China or on China's borders. As Japan is now working openly in her preparations for invading Outer Mongolia and, if necessary, launching a war on the Soviet Union, it is only logical that the Japanese should take advantage of their new relations with Germany and obtain German military technical assistance on this front.

But, as stated, it brings about a ticklish situation in the relations of China and Germany which have been quite close since the National Government came into power nearly a decade ago. Obviously the Chinese people will not relish the thought of the Germans, with their inside knowledge of China's military establishment, throwing the weight of their influence on the side of China's only enemy, Imperial Japan. Also the Chinese will not relish the idea of Germany's recognition of Manchukuo and assistance rendered to Japan to wage war on Russia when the war in all probability will be fought on Chinese territory —in Manchuria, Mongolia or North China.

A further element in the rapidly developing European crisis, of direct interest to the Chinese people, is the imminent possibility that China, sooner or later, will be subjected to an "Ethiopian" method of settling the Japanese problem. It will be remembered that France, in an attempt to mediate between Britain and Italy, suggested that Italy be given half of Abyssinia and the remainder of that unfortunate country to be handed over to the League for administration. In other words, the French suggested the "happy" method of settling the African trouble by dividing up Abyssinia among the rival European countries. The publication of the scheme nearly caused the downfall of the British Tory Government, but despite the resignation of the British Foreign Secretary, the French scheme is not dead and is quite likely to be the final outcome—provided there isn't a general war.

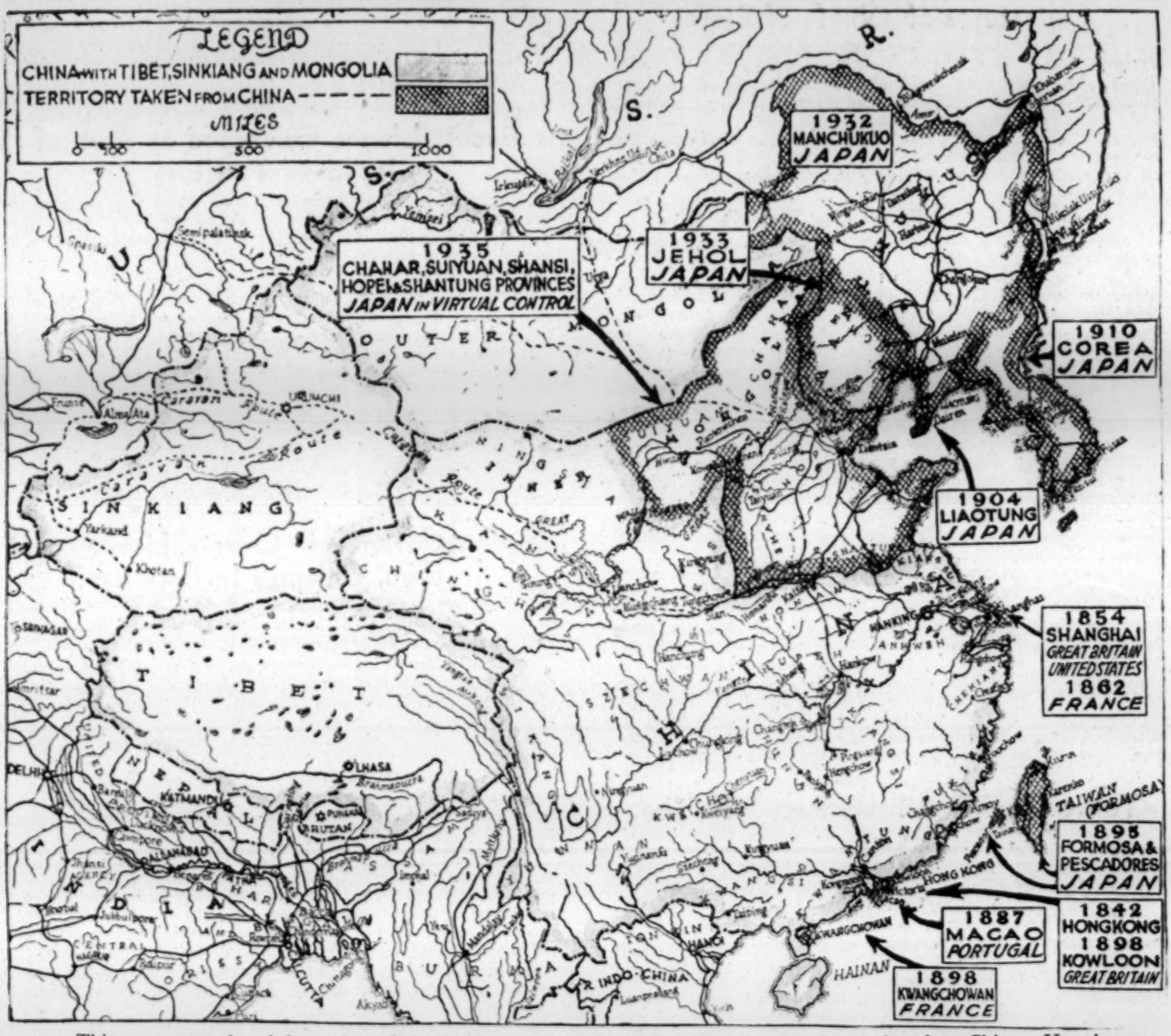
Therefore, why not a similar "adjustment" in Asia to settle the Japanese issue? In other words, recognize Japan's steal of the Manchurian provinces and overlordship of North China in exchange for Japan's promise to be good in future and not interfere with the interests of other nations in the Far East? If America, England, France and Italy would recognize Manchukuo and lend the Japanese money to consolidate their holdings, the Japanese might even be willing to agree to a continuance of the present 5:5:3 naval ratio. If China should continue to submit to Japanese aggression without armed opposition, as has been the case for the past three years since the signing of the Tangku Truce, it is not unlikely that the Powers may lose all interest in China's case and be compelled to recognize the Japanese program of overlordship in Asia anyway.

But regardless of this phase of the subject, the present drift in Europe toward the pre-war system of alliances seems to make it more or less inevitable that Japan and Germany will get together in a military alliance. Aside from the crisis in the relations of Britain and Italy over Ethiopia, chief interest in Europe is centered on the rearmament of Germany, which is proceeding rapidly. Soon the Germans will be in a position to demand the return of their colonies and the elimination of the "guilt" clause in the Versailles Treaty. The French will not consent to this so there will be another war and up to the present the French have refused to help England against Italy because Britain will not guarantee France against a German attack. France, therefore, goes back to her old alliance with the Russians. Now France and Britain both want Russian help against Germany, but Stalin says, quite logically, "How about guaranteeing Russia against a Japanese attack in the Far East?" Therefore, to look at the other side of the situation, one observes a growing community of interest between Italy, Germany and Japan. Recently Mussolini, previously so friendly toward China, expressed his admiration for Japan "because the Japanese do not hesitate to fight for their rights."

The significant element in the situation, so far as China is concerned, is the growing impression that this country has become but a pawn in the game Far Eastern and European politics. In other words, it seems that China, due to long-continued Japanese aggression, bribery and intrigue, has lost its revolutionary fervor and power of initiative, and is being subjected to pressure from this and that nation. The old talk of the "break-up" of China, openly indulged in among the chancelleries of Europe a third of a century ago, is being revived in all quarters. In many high places it has been suggested that Japan, Germany and Italy, who lost out in the grab for colonies, should be permitted to recoup themselves by carving up China and other weak nations which have neglected the all important element of arming in self-defense.

Nathaniel Peffer, well known writer on Far Eastern topics, in an article in December *Asia Magazine*, inquired whether Mussolini wasn't serving Japan? No one questions the fact that Mussolini's adventure in Africa was of the greatest possible benefit to Japan in her plan to gobble up China; likewise to Germany and her openly announced plan to stage a come-back and exact revenge upon her ancient enemies. The greater

THE DISMEMBERMENT OF CHINA CONTINUES



This map, reproduced from the "Chicago Tribune," shows the territory that has been taken from China. Hongkong is a British possession. Macao is a Portuguese possession. Kwangchowan is leased to France. Corea (Chosen), Liaotung, Formosa and the Pescadores Islands are Japanese possessions. Manchukuo is theoretically an independent nation, but it is completely controlled by Japan. Japan is now trying to make an independent north China out of the five northern provinces of China. The new "nation" would then be completely under Japanese control.

the trouble in Europe, the greater Japan's opportunity for aggression in Asia—therefore the logic of a Japanese-German-Italian alliance.

Recently one of the Chinese newspapers, the *Shih-Chih Jih Pao*, summed up the world situation and declared that weak and backward races who wished to survive would have to bestir themselves and quickly. Quoting a Japanese spokesman who recently declared "The more chaotic Europe becomes, the brighter for Japan," the editor of the Chinese paper expressed the view that Britain holds the key to the situation in the Far East in 1936. "If Britain would give up her secret support of the German warlords in central and southern Europe and cooperate with France in the League, there would be some possibility of solving the African trouble and restoring European stability. Also if the British Tories could give up the idea of cooperating with Japan in the Far East and join hands with the United States, the Far Eastern situation would not be aggravated. But unfortunately there doesn't seem to be any prospect of such a change in British policy. However, regardless of what happens elsewhere, there is high necessity that China should not continue into 1936 her vacillating policies of 1935."

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Manchukuo and Germany to Exchange Trade Commissioners?

According to a report published in the *Shinkyo Nichi-Nichi* Japanese paper in Hsinking, capital of Manchukuo, a tentative decision has been reached for the exchange of either consular representatives or trade commissioners between Manchukuo and Germany. The offices will be opened simultaneously in Berlin and Hsinking.

The Japanese paper stated that Manchukuo proposed that Germany puchase 1,000,000 tons of soya beans valued at Yen 100,000,000 but on the other hand Manchukuo was only willing to purchase Yen 25,000,000 worth of German goods. The German mission insisted upon a perfect barter system. The German mission is headed by Dr. Otto Kiep, who is Minister without portfolio in the German Government. He is assisted by Dr. Knoll, Counsellor, representing Germany. After completing the negotiations in Tokyo which are being participated in by representatives of the Japanese Foreign Office and of the Manchukuo Government, the German Mission will proceed to China.

Japanese Newspapers Told Not to Print Caricatures of Chiefs of States

In view of the increasing number of the caricatures of the chiefs of various foreign countries (kings, presidents, etc.) in the Japanese newspapers the Peace Maintenance Bureau of the Tokyo Home Office recently distributed circular letters to all the newspaper and magazines throughout Japan urging them to refrain from printing the caricatures of the chiefs of foreign countries. This means that the ban has been placed on publication of the cartoons of Hitler, the Ethiopian Emperor, Stalin, Roosevelt, etc. in the Japanese press.

Ban Follows Protest from Germany

Shimbun-no Nihon states that the ban placed on the publication of caricatures of the chiefs of foreign countries originated from a representation made by the German Government to the Foreign Office through the German Embassy in Tokyo. It is explained that the German Government dislikes the frequent appearance of President Hitler's caricatures in the Japanese press because the people of Germany respect Hitler as the de facto Chief of the State just as the Japanese people respect their Imperial Family.

The many caricatures of President Hitler in the Japanese press, though drawn for humorous effects, serve as a serious affront to the pride and honor of the German people who hold Hitler in revrence, it was further explained. The German Government has been controlling strictly the circulation of Japanese newspapers and magazines carrying such cartoons, the German Government's representation further says, expressing the desire in conclusion that hereafter the Japanese press will refrain from printing the cartoons of Hitler from the standpoint of German-Japanese friendship.

Editors of all newspapers in Japan, according to *Shimbun-no Nihon*, appear to be much dissatisfied with the ban on the caricatures of the chiefs of foreign countries, being of the opinion that the ban is a sort of pressure on public opinion. The editors ask if Hitler is the chief of a State as interpreted in Japan. Hitler called himself President after the death of President Hindenburg and is surely the highest man in German politics, but it is not sure whether he should be considered the chief of the State, the editors ask. And even if the ban has originated from the representation of the German Government, editors ask, it is not the Japanese newspapers alone that print the caricatures of the chiefs of States.

Tokyo Denies Military Pact With the Reich

The Foreign Office in Tokyo Jan. 6 denied reports that a German-Japanese military alliance had been consummated.

An unofficial but highly reliably British source stated in London Jan. 5 that Germany and Japan initialled a secret agreement for a military alliance, directed principally against the Soviet Union, four months ago. It said that the German and Japanese General Staffs had reached a military agreement if not an outright alliance. The *United Press* stated that such reports have been recurrent for the past two years, but now the source referred to said that the plan envisaged a German-Japanese pact against Communist activities, which would be published, but that the pact contained a secret addition containing specific plans for military co-operation if the Soviet Union attack seither nation. The source mentioned said that the understanding contained eighteen articles, including a provision that each nation pledges itself to a benevolent neutrality in the event of a general war.

British officials in London indicated Jan. 5 that they were not aware of such a pact. Polish officials denied rumors that Poland was a party to the agreement.

Some Foreign Banks Transfer Silver to Central Bank—Japanese Await Instructions

Some of foreign banks in Shanghai began transferring their silver holdings to the Central Bank of China as 1935 neared its end, following the presentation of a new plan for their purchase by Dr. H. H. Kung, Minister of Finance, according to the Shanghai *Nichi-Nichi*. A circular letter setting forth the terms of the offer was sent out by the Chartered Bank of India, Australia and China, whose representative is acting as secretary of the Foreign Bankers' Association. Under the new proposal, silver will be bought by the Central Bank with new legal tender notes at par, with the additional payment of 5 per cent interest per annum for two years, the report said. Japanese banks have not yet taken action, awaiting instructions from their home offices, is was stated.

Other reports stated that following negotiations between Dr. H. H. Kung, and foreign bank leaders, a working agreement whereby foreign banks will gradually turn over their silver stocks to the Chinese Government in exchange for legal tender notes, has been reached.

Several local American, Netherlands and German banks were reported to have already turned over some of their silver reserves to the three Chinese Government banks in accordance with the agreement.

Another Shipment of Silver Goes to U.S.

Another shipment of silver of a value of approximately $10,000,000 was shipped out of Shanghai by the Central Bank and Bank of Communications to the United States by the Dollar liner *President Grant* Jan. 7. The shipment was another commitment to the Chase Bank in New York.

Pacific Islands Governed as Part of Japanese Territory

A report issued in Geneva this week stated that the laws, regulations and reports published in Tokyo on the administration of mandatory islands in the Facific by Japan deal with the territory as an integrant part of the Japanese Empire and no mention of mandate is contained in any official Japanese text.

The minutes of the recent private session of the Mandates Commission were published in Geneva this week. They show that Mr. Ito, the Japanese delegate, was cross-examined for two days concerning every branch of activity in the Japanese mandated islands. The principal complainant was a German named Voight, who in a petition to the Commission, complained of the treatment accorded him when he visited the islands for the benefit of his health. He spoke of "intolerable suspicion and vexatious supervision." Mr. Ito expressed the opinion the matter raised the great difference between the civilization of the East and the West and affirmed three were no soldiers or sailors on the islands.

Students from All Over China Accept Gen. Chiang's Invitation

Large groups of university students are proceeding to Nanking from various parts of the country to hear General Chiang Kai-shek expound the Government's policy on Jan. 15.

The Fuh Tan University authorities have accepted the demands of the students that final winter examinations should be postponed from January 18 to February 1, when classes are resumed. The students will send representatives to Nanking, as also will Tung Chi, Chinan, Great China, Chiaotung, Kwang Hua and other universities.

Five student delegates elected from the student body in Foochow will be among those proceeding to Nanking to hear the Government's instructions concerning the students' patriotic movement.

Ten student delegates from Canton are enroute to Nanking to hear the Government's instructions regarding patriotic movements. They were given a rousing send off by their fellow students at a mass meeting in the southern city. The Canton delegation sailed on the *s.s. Haiyuan* and was expected to arrive in Shanghai this week.

Opinions are divided among the students in Peiping as to whether a delegation should be elected to proceed to Nanking upon the invitation of Gen. Chiang. Reluctance is shown by some students to take the journey to Nanking and instead, students of the National Tsinghua University have organized themselves into four lecture groups to travel throughout the country to arouse the attention of the people to the North China situation.

Presidents of Peiping Universities to Attend Conference

By order of the Ministry of Education, the presidents of the various universities in Peiping have decided to leave for the Capital January 12 to attend the conference convened by General Chiang Kai-shek.

A delegation representing the students of the Middle School of Nankai University (Tientsin), escorted by Han Su-hsin, one of their teachers, arrived in Nanking Jan. 4 and called on Dr. Wang Shih-chieh, Minister of Education. The interview lasted an hour.

Hupeh Students Hurt in Clash with Peace Preservation Corps

A clash between the Peace Preservation Corps and the students occurred in the district of Yingcheng, 50 miles to the northwest of Hankow, last week.

Peiping Schools Open—But Where Are the Students?

Despite the failure of students to attend classes Jan. 6 which was set by the school authorities as the last day to allow students to resume their lessons, many of the colleges and universities have not yet announced winter recess as previously decided. Classes were resumed at the National Peking University on Jan. 6 but only a few scattered students attended and the majority of them still seemed too busy to return. Conditions at the National Peiping University are still worse, as empty class rooms greeted the professors and their lectures had to be dropped.

Tsingtao Students Demonstrate and Then Return to Studies

Police guards were posted near and around the Shantung University at Tsingtao Jan. 6 as a result of students attempting to hold a demonstration against the autonomy movement in North China. All the students who participated in the demonstration resumed their studies the following morning.

Gen. Chiang Voices Confidence in China's Future; More Sino-Japanese Trouble Looms in North China

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Unflinching Faith in China's Regeneration Expressed by Gen. Chiang in New Year Message.**
2. **President Lin Says National Freedom and Equality Aim of Chinese Revolution.**
3. **More Sino-Japanese Trouble Looms in North China as Fresh Incidents Arise.**
4. **Occupation of Five Chahar Districts by "Manchukuo" Troops Confirmed.**
5. **Railways Minister Seeks Revenues Seized by East Hopei Rebel Regime.**
6. **Suma to Be Central Figure in Tokyo Foreign Office Conferences.**
7. **Nanking and Canton Plan Elaborate Welcome of Hu Han-min from Abroad.**
8. **Feng Yu-hsiang Sworn in as Vice-Chief of Military Affairs Commission.**

An unflinching faith in the ultimate salvation of the Chinese nation with its four hundred million people and the restoration of the lost glory of its five thousand years' history was expressed by Gen. Chiang Kai-shek, Chairman of the Military Affairs Commission and President of the Executive Yuan, in his New Year message to the nation on Jan. 1. Gen. Chiang's message was broadcast over the Central Broadcasting Station in Nanking at 8.30 p.m. Jan. 1 and relayed throughout the country by a nation-wide hook-up.

Choosing as the subject of the address "The Fundamental Principles for Saving Country and Self," Gen. Chiang made a convincing assertion that with the consolidated strength of the entire people, the crisis which the nation is now experiencing may be averted within the short period of one year.

The difficulties and tribulations the Chinese nation now encounters and undergoes, Gen. Chiang believes, not only should not hasten its feared downfall and ruin, but should rather provide the necessary stimulus for and act as an impetus to the revival of the Chinese race. "I firmly believe in the salvation of China and the regeneration of the Chinese people," said Gen. Chiang, "and in these I firmly believe there is a way, and it is for the people to carry it out to a successful conclusion."

What, then, is the way on which China's hope for a great future lies? Gen. Chiang offers no new remedies and gives as his answer the conscientious carrying out of the two movements which he himself sponsored, namely, the New Life Movement and People's Economic Reconstrurtion Movement. The New Life Movement aims at a heightening of the spiritual standard of the people, the restoration of the national morale and the development of a spirit of national consciousness, while the People's Economic Reconstruction Movement has as its object the improvement of the economic life of the nation by developing the rich material resources of the country. These two co-ordinating and complementary movements, in Gen. Chiang's belief, will provide the fundamental strength by which the nation will find its ultimate regeneration.

Gen. Chiang's long address was coached in a general tone of optimism and often punctuated with enthhsiastic exclamations. In one place he exclaimed: "There is no country and no race in the world which could compare with China in its greatness and glory. Who has five thousand years' continuous unbroken history and who has over 40,000,000 square li rich territory as China has? And what danger, what obstacles, could impede our determined march to salvation, to regeneration, to restoring for ourselves our lost glory and prosperity?"

But only by consolidated and coordinated effort of the entire people may national salvation be achieved, and expressed in concrete measures, the New Life Movement and and the People's National Economic Reconstruction Movement, in close co-operation, should be the object of every patriotic citizen of the country to promote, Gen. Chiang exhorted in conclusion.

New Year's Day was celebrated in a befitting manner in Nanking by the National Government and Party organs.

NIPPO'S SAYS GEN. CHIANG DETERMINED TO BREAK PRESENT DEADLOCK

The flying visit in Shanghai of General Chiang Kai-shek, President of the Executive Yuan, on Jan. 5 was made in connection with his plans for the readjustment of Sino-Japanese relations, the Shanghai *Nippo* asserted editorially Jan. 6.

"Realizing that he himself and General Chang Chun, the new Foreign Minister, will be held responsible for the failure of negotiations with Japan, General Chiang is firmly striving to break the existing deadlock in the adjustment of relations between the two countries," the journal declared.

"During his calls on Wang Ching-wei, General Huang Fu, Dr. H. H. Kung and Marshal Tuan Chi-juj, General Chiang asked for their advice on the matter," the paper added.

The Generalissimo's call on General Hsu Chung-chih, Vice-President of the Control Yuan, was made in connection with the impending arrival of Hu Han-min in Hongkong, according to the daily.

NATIONAL FREEDOM AND EQUALITY AIM OF CHINESE REVOLUTION

A New Year message to the nation was broadcast over the radio by President Lin Sen on Jan. 1.

President Lin began by recalling the various resolutions adopted by the Fifth National Congress of Kuomintang Delegates and the First Plenary Session of the Fifth Central Executive Committee last year, calling for the announcement of the draft Constitution and the convocation of the National People's Congress.

In accordance with these resolutions, he continued, the draft Constitution will be announced on May, 5 and the National People's Congress will be convened on November 12 this year. All delegates to the Congress must be elected before National Independence Day (October 10).

In order that this momentous task may be successfully achieved, President Lin said, the entire nation must co-operate asd assist the Government and the Party, so that Local Autonomy and Constitutionalism may be early realized and enforced in this country, the strength of the nation enhanced, and the status of the Chinese Republic in the family of nations elevated.

In order to regenerate the Chinese nation, the entire people must offer their services to the State. Above all, the bequeathed teachings of the late Party Leader, Dr. Sun Yat-sen, must be diligently enforced.

Loyalty, filial piety, kindness, love, faithfulness, righteousness and peace, as Dr. Sun urged, must be regarded as the moral code of each individual; while his "Plans of National Reconstruction" and "Fundamentals of National Reconstruction" must be the "Compass of our National Policy."

Recalling the Testament of Dr. Sun, in which he declared that he had devoted 40 years of his life to the National Revolution and that the aim of his Revolutionary career was to seek freedom and equality for the Chinese nation in the family of nations, President Lin said that this aim can be achieved if the people are willing to sacrifice their individual freedom and their individual privileges in the interests of the State.

We are striving for the freedom and equality of China not only for the welfare of the Chinese people, but also for

the consolidation of peace in the Far East, for the maintenance and prolongation of world peace, and for the promotion and enhancement of the welfare of mankind, the President said.

The efforts of the Chinese people for the attainment of national freedom and equality are, therefore, being made not only for the preservation of their national existence, but also for the security of world peace. This important mission, President Lin said in conclusion, can only be fulfilled through close co-operation between the Government and the people.

MORE SINO-JAPANESE TROUBLE LOOMS IN NORTH CHINA

More Sino-Japanese trouble in North China looms with the leakage of an extraordinary story of an alleged shooting affray at Chaoyangmen, one of Peiping's East Wall gates. The Japanese accuse Chinese troops of firing on them on Sunday night (Jan. 5.)

The Japanese version is that at 10.30 p.m. on Sunday, after the gates had been shut for the night, a car containing five Japanese soldiers and one officer approached from Tungchow and demanded the guard to open the gate. This was done after permission had been obtained from the authorities. The Japanese car drove in, and it is claimed that as it went down the street, at least 30 shots were fired at the occupants. It is added that negotiations between the Chinese and Japanese authorities on Jan. 6 failed to reach a settlement, whereupon the following morning the Japanese military authorities filed a strong protest and reserved the right to make demands.

The Chinese version is that the Japanese soldiers demanded entrance, whereupon the policeman at the gate said that he must phone to headquarters. While he was doing so, it is stated, the Japanese, getting impatient, fired a shot into the air. A guard of General Sung Cheh-yuan's soldiers on the Wall 50 feet above the road, not knowing the cause of the shot, also fired into the air.

High Japanese Army officers will be petitioned by the branch of the Japanese Ex-Servicemen's Association in Peiping to instruct Nipponese forces in China to take "adequate measures to protect the honor of the Army and the prestige of the nation," according to a *Domei* message.

Because the Chinese authorities failed to promptly open the city gate at Chaoyangmen on the east side of the Tartar City, Japanese soldiers stationed in Peiping lred more than 20 shots with their rifles in the evening of Jan. 5 and nearly caused an ugly incident, according to a report in the *Shanghai Evening Post* Jan. 7.

Returning from rifle practice, some 30 Japanese soldiers were much annoyed when they found the city gate closed. They asked for immediately opening of the gate. When the Chinese officers in charge of the gate failed to comply with their demand immediately, the soldiers fired, it is alleged.

ANOTHER ALLEGED "INSULT" TO JAPANESE FLAG IN NORTH

Chen Chuen-sheng, a member of the newly-formed Foreign Relations Commission for Hopei and Charhar, has arrived at Tientsin from Peopling to negotiate with the Japanese authorities the settlement of a complicated situation which arose in Tangku January 4 following as attempt by Japanese consular officials to investigate an alleged insult to their flag by Chinese soldiers, according to *Domei*. According to a telephone message from Tangku, Sugaichi Nagaoka, in charge of the Japanese consular police affairs there, was refused permission by Chinese soldiers to land from his launch as he proceeded towards the scene of the alleged outrage. Mr. Nagaoka was directed by the Consulate-General in Tientsin to investigate the report that about fifty soldiers from Gen. Sung's army ransacked a Japanese shop near Tangku Jan. 3 and tore down a Japanese flag flying at the door. Japanese military authorities announced that, should the Chinese officials prove unable to guarantee a peaceful investigation of the alleged insult, they would use their own forces stationed at Tangku to permit the inquiry to be held unhindered.

The Japanese Army will take steps to prevent the recurrence of anti-Japanese attacks by soldiers belonging to the troops of General Sung Cheh-yuan, Chairman of the Hopei Provincial Government and of the newly formed Hopei-Chahar Political Council, was made Jan. 7 by high officials of the War Ministry according to a *Domin* message from Tokyo. The view was expressed in commenting on press reports of an attack on a group of Japanese officers by Chinese soldiers near Peiping on January 5.

EAST HOPEI CORPSMEN RAID MUKDEN EXPRESS AT LUANCHOW

An attempt was made to hold up the Peiping-Mukden express near Luanchow Jan. 3 and ended in eight persons being injured, two of them seriously. Three men, travelling as passengers, boarded the train near Luanchow. One of the three intruders was hit during a fight with the Japanese train-guards but he and his two companions finally escaped by jumping from the moving train. The injured included a Japanese gendarme, a Japanese passenger, and five Chinese passengers. The two persons seriously injured both were Chinese passengers.

Reports received at Tientsin state that the three men responsible for the affray belong to the Peace Preservation Corps in the "autonomous state" of East Hopei. They are alleged to have demanded that the express be brought to a halt so as to allow them to disembark at Changchiachwang, where it normally does not stop. The three men responsible for the shooting have been arrested at Tangshan, according to a *Reuters* message from Tientsin Jan. 7.

OCCUPATION OF FIVE EAST CHAHAR DISTRICTS BY "MANCHUKUO" TROOPS CONFIRMED

Semi-official Chinese reports, quoted by *Reuter*, stated Jan. 3 that Shangtao hsien, in East Chahar, is still in Chinese hands, but admit that five others—Kuyuan, Paochang, Changpei, Kangpao and Huoteh—are occupied by "Manchukuo" troops under Li Shou-hsin, commander of the "Manchukuo" forces in Doloner. General Li himself is reported to be in Changpei. The Japanese recently demanded that the six hsien in question be turned over to Jehol for inclusion as part of "Manchukuo." *Reuter* learned from reliable sources that the Chinese authorities in North China have proposed to the Japanese that these six districts be jointly policed by Chinese and Mongol peace preservation corps, the "Manchukuo" troops to be withdrawn but no reply has yet been forthcoming.

With the exception of Shangtu which is still in the hands of the Chahar peace preservation units, the other five eastern Chahar districts Tsuhihgou, Kangpo, Pao-chang, Kyvuan and Huaeth are now being garrisoned by Mongolian forces, according to Pao Yueh-ching, Director of the Peiping Office of the Inner Mongolian Political Council. In a press interview Jan. 6, Mr. Pao categorically denied the report that the recent conferenc of representatives from the various banners and leagues in Inner Mongolia was called under the auspices of the Japanese. The strength of the Mongolian units, according to Mr. Pao, is 300. Commander Tso Shihai of the Mongolian units has now established his headquarters at Paochang; while the "Manchukuo" forces under Li Shou-hsin are still at Changpei.

The Japanese *Domei* Agency reported from Tokyo Jan. 3 that virtual establishment of an autonomous regime in Inner Mongolia is seen with the receipt of reports from Peiping that an agreement on the administration of six hsiens on the Jehol-Chahar border has been reached between General Chang Chih-chung, Chairman of Chahar, and General Li Hsin-hsiu of the Inner Mongolian First Army. The agreement, according to *Domei*, provides for the establishment of General Li's headquarters at Changpei and for the substitution of Inner Mongolian troops for Manchukuo forces.

General Hsiao Cheng-yin, Mayor of Tientsin, returned to Tientsin from Peiping Jan. 6 to begin negotiations concerning Esat Chahar with Colonel Nagami, Chief-of-Staff of the Japanese garrison in North China. These talks will be followed by formal negotiations, when Major-General Doihara, of the Kwantung Army, returns to North China from Changchun about January 10. Foreign reports from Kalgan state that "Manchukuo" administrative officials, with Japanese

advisers, are now established in all the six hsien recently taken over by "Manchukuo" troops and that officials of Suiyuan province are nervous, fearing a further drive westward.

RAILWAY MINISTER SEEKS REVENUES SEIZED BY EAST HOPEI REBEL REGIME

Chang Kia-ngau, Minister of Railways, who is on an inspection tour in North China, conferred with General Sung Cheh-yuan Jan. 4 regarding measures for coping with the seizure of the revenues of the Piping-Liaoning Railway by Yin Ju-keng, the leader of the bogus "East Hopei Autonomous Government." Minister Chang was the guest at luncheon of General Sung. Among those invited to meet him were the members of the Hopei-Chahar Political Affairs Committee, the Economic Committee of the Hopei-Chahar Political Affairs Committee and local banking leaders. Views were exchanged concerning the economic problems affecting North China. General Sung was the host at a dinner given in the evening of Jan. 4 in honor of the members of the foreign diplomatic corps, military and naval attacehs and counsellors of the various embassies and legations.

Efforts are being made towards persuading Yin Ju-keng, self-styled head of the East Hopei Autonomy movement, to turn over the portion of the Peiping-Liaoning Railway revenue receipts which he has seized to the Government. Several conference have been held between Chang Kia-ngau, Minister of Railways, and General Sung Cheh-yuan, in this connection, and as a result it was decided to estrust Chen Chueh-sheng, Managing Director of the Railway, to approach Mr. Yin concerning tre matter.

A detachment of 60 Japanese troops arrived at Tangku on Jan. 5 and took possession of the Peiping-Mukden Railway station there, according to a *Reuter* report. They are stated to have taken down the Chinese flag flying over the station and to have hoisted the Japanese flag in its place.

General Liu Chia-chi, commandant of the peace preservation corps at Tientsin, stated that, as a result of the negotiations now in progress between the Chinese and Japanese authorities, it was expected that the East Hopei peace preservation corps at Tangku would be withdrawn and that the port would be garrisoned by troops belonging to General Sung Cheh-yuan's 29th Army.

Despite threats and rumors to the contrary, *Reuter* reliably learned Jan. 7 that all Customs revenues in East Hopei, including Chinwangtao and the passes, are being collected normally and remitted to the Central Government.

HOPEI-CHAHAR COUNCIL SETS UP BODY TO HANDLE DIPLOMATIC AFFAIRS

In addition to a financial commission, the Hopei—Chahar Political Council has organized a diplomatic commission with the following as members: Chen Chueh-sheng, Chen Chung-fu, Lei Shou-yung, Chow Kung-kwang, Wang Tze-hsiang, Hsiung Shao-hao, Wang Fu-wei and Chien Jui-shen. With the exception of Hsiung Shao-hao and Wang Tze-hsiang, all the members are returned students from Japan. Chen Chueh-sheng is the new Managing-Dirctor of the Peiping-Mukden Railway; Lei Shou-yung was formerly connected with the Luantung Retrocession Commission under General Huang Fu; Wang Fu-wei was formerly Vice-Minister of Communications in the Peking Government, while Chow Kung-kwang was formerly Director of the Department of Asiatic Affairs of the Ministry of Foreign Affairs in Nanking and later Mayor of Tientsin. Wang Tze-hsiang is considered an authority on Russian affairs. For many years he was Dean of the Russian Language School in Peiping.

Domei reports that Chuichi Ohashi, "Manchukuo's" Vice Foreign Minister, has arrived at Tungchow and is conferring with Yin Ju-keng, head of the Autonomous Government, on the conclusion of an agreement on the establishment of diplomatic relations between Manchukuo and the East Hopei.

Political circles in Tokyo pointed out that "Manchukuo" is at liberty to conclude commercial or other agreements with foreign powers. By virtue of the Manrhukuo Japanese protocol, she must, however, consult Tokyo on questions involving her national defence. The protocol provides for joint responsibility for safeguarding the new Empire.

Views on Sino-Japanese economic collaboration will be exchanged at meetings between Seigo Nakano, one of Japan's leading politicians, and Chinese officials in North China. Mr. Nakano is scheduled to meet General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, and General Chin Teh-shun, Mayor of Peiping.

General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, arrived at Paoting from Peiping Jan. 7 to assume his concurrent post as Chairman of the Hopei Provincial Government.

SUMA TO BE CENTRAL FIGURE IN GAIMUSHO CONFABS ON CHINA

Domei reported from Tokyo Jan. 2 that important conferences on China among leading officials of the Gaimusho are to be held this week as Japanese officialdom return to their desks after the New Year's holidays. The central figure in the various conversations will be Yakichiro Suma, Japanese Consul-General in Nanking, who is now on furlough to report to Koki Hirota, Minister of Foreign Affairs, on the latest developments in China. Particular interest will be focussed on these pourparlers because of the impending arrival of Hachiro Arita, Ambassador to Belgium, who has been tentatively selected the successor to Akira Ariyoshi, envoy to China, upon the latter's retirement.

Recent developments in Sino-Japanese relations will be reviewed at these Foreign Ministry conferences. These, according to *Domei*, will include the Japanese government's attitude in dealing with the newly-formed Hopei and Chahar Political Council, especially in regard to economic assistance and co-operation in preventing the spread of Communism.

Mr. Suma called on his chiefs Jan. 4 to present a firsthand report on conditions there. In his report, Mr. Suma is understood to have dealt principally with the conversation that took place between Mr. Ariyoshi and Gen. Chiang Kai-shek in Nanking on December 19. Mr. Suma is reported to have emphasized the need of maintaining a close watch on developments in China, in view of the recent student demonstrations and the murder of Tang Yu-jen.

Efforts now being exerted by the Chinese and Japanese Governmnts rgarding the question of a readjustment of Sino-Japanese relations are reported to be bearing initial results. *Central News* leared Jan. 4, from official sources that the two Governments have agreed upon general principles for the readjustment of all outstanding issues between the two nations, although concrete measures have not yet been discussed. According to a message from Tokyo, a committee for the readjustment of Sino-Japanese relations will be organized jointly by the Chinese and Japanese Governments as soon as Mr. Suma, the Japanese Conslu-General in Nanking, returns from Tokyo.

Commenting on reports from Tokyo that a joint committee will shortly be organized for the readjustment of Sino-Japanese relations, official circles in Nanking state that though the two governments are agreed on the necessity of readjusting their relations, no definite decision has yet been reached concerning how the desired readjustment is to be achieved. The Chinese authorities, *Reuter* reported, are anxious to remove the utter confusion and irregularities that have characterized Sino-Japanese relations since the Mukden incident of 1931. The many and various questions that have arisen during the past four years have been dealt with in a makeshift manner which met only pressing matters of the moment. This lack of adequate consideration for a fundamental settlement is regarded as having culminated in a state of affairs detrimental to the welfare of oth China and Japan.

Col. Hiroshi Nemoto, chief of the Press Section of the Japanese War Office, arrived at Nanking Jan. 6. After conferring with Lieut.-Col. Tatsumi Amamita, assistant Japanese military attache, Col. Nemoto called successively on General Yang Chieh of the Chinese Army General Staff and on General Chang Chun, Minister of Foreign Affairs. The nature of their conversations was not revealed. He also called on Gen. Ho Ying-chin, Minister of War.

(Continued on page 215)

An Apology for the Student Movement

BY C. Y. HSIEH

AFTER lying dormant for several years the student movement raises its head again. The first signs of its revival were greeted with widespread acclaim and sympathy. But as it has come to stay, it has been accorded a none too cordial reception. And nothing but derision appears to be the fate awaiting the movement should it go on!

What is wrong with it, one wonders? It is fair to say that much has been done by the students themselves to modify the good opinion they won at the outset. This is truth, but not the whole truth. There is another aspect of the situation which is usually overlooked—that is, the change in the attitude of the public which proceeds as largely along the fixed channels of old misconceptions and prejudices as the unexemplary acts of the students come from deep-rooted habits and tendencies. It is quite misleading to say that the student movement has fallen out of favor with a public which, to put it mildly, has never really taken it seriously.

The truth is that the public may occasionally take a fancy to spectacular outbursts, but they have only a very vague idea of the important role which student movements inevitably play in a constitutionally backward state. They might welcome the clamor of youth for a change perhaps. In their heart of hearts, however, they simply distrust it.

By far the most common impression the public have of the student movement is that it is superficial, if not childish. Needless to say, they are justified in so thinking. Rightly they have realized that mere propaganda and parades would not help the country, and that the shouting of slogans and the posting or distribution of handbills are little better than labor lost.

Superficiality and childishness are, indeed, poor virtues compared with profundity and manliness. But when not only are fundamental solutions nowhere in evidence, but the rank and file of the people are totally benumbed with political apathy, there is no choice. The crude and rash acts of youth, even if they can't produce great effects, are by no means absolutely futile. In point of fact, they form one of the best indications of a sound, albeit raw, instinct for racial self-preservation. Even the oft ridiculed 5-minute enthusiasm is to be preferred to blank lethargy.

Reduced to plain language, the issue is too often between selfish sophistication and youthful patriotism. Every time the student movement breaks out, seniority and experience are always at hand to counsel the students to return to their studies so as to better prepare themselves for future service with the country. Sane counsel this, but not a little sophisticated. In this land of traditional individualism it is a further invitation to mind one's own business and leave public weal to take care of itself. Does it ever occur to seniority and experience that the new generation would have no future whatsoever so long as China's destiny is not made safe?

Students Can Make Proper Choice

On the other hand, there need be no illusion about the absolute incompetence of students for the task of national salvation. The youth, it is true, has not yet acquired enough knowledge and ability to participate in the weighty and intricate affairs of state. But they can certainly be counted upon for making the proper choice between black and white, between right and wrong, between a policy of abject surrender and that of staunch resistance against foreign aggression. And it is this robust, though elemental, judgment, more than anything else, which enables a people to survive crises.

Popular movements, besides being usually marred by rashness of young blood, often lend themselves to exploitation by opportunists. How many instances may be cited in which some ambitious budding politicians, to use a figure, rode on the top of student agitations to political limelight and officialdom? And once there, were they not just as indolent and corrupt as those whom they had mercilessly attacked? The sarcastic question may also be asked as to how these opportunists feel toward the movement now that they have become persons who count.

Deplorable as these things are, they are bound up with any movement. They cannot be helped any more than the blemishes of jade. But to judge the generality by the behavior of a few betrayers of their cause would be grossly unjust. There is reason to believe that for one of the opportunists there are hundreds, nay thousands, of honest and conscientious citizens whose participation in patriotic activities we need have no occasion to regret.

Still another charge against the student movement most heard of recently is its radical or communistic tendencies and affiliations. The existence of dangerous elements cannot be wholly denied. Statesmanship, however, has yet to prove that it would be best to suppress them rigorously. It simply can't. It knows only too well that leftist thoughts and activities driven underground would become doubly dangerous. For this reason it would rather approve free airing of political views and open competition in political appeals. If communism dares to come out in the open, so much the worse for it. For it is generally true that communists who take part in student agitations readily show their colors and can easily be put in their place

With various misgivings about the student movement laid to rest, it is fitting to advance positive reasons in its favor. The first obvious one is that the rising generation has an undisputable right to express itself on matters affecting China of to-morrow. The older people have muddled enough, and it is about time that they heed more of what the young ones are thinking on the future of this country. Further elaboration of this point is unnecessary.

In the second place, it must be said with all fairness that in the light of contemporary history student patriotic activities have done more good than harm to China. A study of the correlation between them and our national vicissitudes would be most revealing. It will show that the May 4 movement and China's vindication at the Washington Conference in 1922 are not isolated events. It will lead to the conclusion that the nation-wide student and popular movement of 1925-27 is, so to speak, the foster-father of the Nationalist Revolution, hence of the present regime. From this it follows that their estrangement afterwards is one of the most unfortunate episodes of recent Chinese history, to which my be traced at least part of the responsibility for the present state of affairs.

My justification of the student movement, based as it is primarily on ethical and historical grounds, does not blind me to its real drawbacks. Prominent among these are the lack of insight, of discipline, of persistency and of a spirit of sacrifice. As such they are a serious challenge to the students. And unless they are remedied in full, it will be hard for the movement to "sere its day" under circumstances now many times more difficult and delicate than they were in 1919.

In conclusion, it is my humble opinion that the god of vox populi once invoked with such great avail cannot and should not be disenshrined. There are, indeed, many whims and imperfections in him which need be guarded against, but on the whole he is very beneficent to China. Now that General Chiang Kai-shek, President of the Executive Yuan, is calling a conference of university authorities and student representatives, may it be confidently hoped that steps will be taken in the right direction?

Nanchang Railway Will Be Formally Opened Jan. 15

The Hangchow-Nanchang section of the Chekiang-Kiangsi railway will be formally opened to traffic, Jan. 15. The 641-kilometer railway linking the provincial capitals of Chekiang and Kiangsi is expected to bring a new era into the development of these two provinces, especially for Kiangsi where reconstruction activities which have followed the eradication of communists will be considerably aided by the inauguration of a new communication facility.

The Hangchow-Yushan section of the line was completed two years ago. From the Chekiang border, 300 more kilometers of railway has been completed, linking Hangchow with Nanchang. For extension of the line from Nanchang to Pinghsiang, the National Government has recently authorized the Ministry of Railways to issue bonds with a face value of $27,000,000. The 300-kilometer section from Yushan to Nanchang has cost $16,000,000. Operation of the Yushan-Nanchang section will be unofficially started on Jan. 10.

The traffic opening ceremony will be held in Nanchang and guests invited to attend the ceremony will leave Hangchow by a special train at 7.30 p.m. on Jan. 13.

With inauguration of the Hangchow-Nanchang line, Shanghailanders wishing to visit the Kiangsi Provincial capital may reach their destination in two days. The fare for the distance between Hangchow and Nanchang is $10.80.

Ministry of Railways Plans New Bond Issue

The Ministry of Railways headed by Chang Kia-ngau is now seeking a loan of $16,000,000 upon the security of $27,000,000 worth of Railway Construction Loan Bonds the issuance of which has been approved by the Executive Yuan. Half of the loan will be sought from a Chinese banking syndicate headed by the Bank of China, while the other half will be obtained in railway building materials from a German factory through its agency in Shanghai. The loan will be used for the construction of the section between Nanchang and Pinghsiang of the Chekiang-Kiangsi Railway.

Peiping Liaoning Line Drops 300 Men

The Peiping-Liaoning Railway administration has decided to dismiss 300 of its staff and workers in order to curtail administrative expenses. This retrenchment is necessary in view of the loss caused by the seizure of the revenues of the Sinho-Shanhaikwan Section of the Railway by the bogus "East Hopei Autonomous Government."

Shantung Tobacco Output Is Set at $15,000,000

One hundred million pounds of tobacco leaves, estimated to be worth $15,000,000, were produced in the various districts in Eastern Shantung during the year of 1935.

General Ma Chan-shan Again Urges China to Resist Japanese Aggression

BY C. Y. W. MENG (孟昭泳)

"THE Four North-Eastern Provinces form a large piece of territory, rich in natural resources, on which the 'foreigners' have always had their eyes. Since 1895 (the Sino-Japanese war) and 1900 (the Boxer Uprising), the enemy has regarded the territory 'as something already in their pocket.' The invasion of Mukden on the fatal night of September 18, 1931, was merely the match that set the whole conflagration going. Such an invasion was generally predicted with certainty by the observers." With such introductory words, General Ma Chan-shan, more popularly known as the "Nonni River Hero," who was the only north-eastern general who put up stiff resistance against the Japanese invasion in Manchuria, breaks his silence and begins to tell some of his "experiences and observations." "But when the invasion of our territory began," continued Gen. Ma, "our high authority (meaning, of course, Marshal Chang Hsueh-liang, who was lying in Peiping Medical Union Hospital in Peiping) and our main forces were within the Great Wall, thus the Chinese armies had no leaders, and thus a few thousands of the enemy troops could occupy the city of Mukden without any bloodshed, and overnight the 'kingdom was changed,' Chinese soldiers were disarmed, Chinese high officials were imprisoned, and Liaoning and Kirin fell in rapid succession, thus forming 'another page of national humiliation in Chinese history.' It was not necessarily due to the fact that the enemy army was 'ever-victorious,' but rather due to our surrendering without a fight. Though a portion of Chinese soliders did fight and were willing to sacrifice their lives for the nation, unfortunately, other Chinese armies were short of the spirit of unity. Some of them knew only how to protect themselves, and some of them were "induced" by the enemy, while some fought only individually. So it was not solely superiority in equipment which enabled the enemy to win the battle from us."

"The Battle of Nonni River" Recalled

The heroic general then mentioned the famous "Battle of Nonni River" in which the Chinese army, much poorer in equipment and much smaller in number, held up the advance of the invaders when they determined to put up stiff resistance. "After a half month of resistance and only when no re-enforcements were coming and when our bullets were exhausted, we began to retreat gradually. But while retreating, we fought on the way. That explains why the enemy did not have courage to advance faster than they would otherwise have done. While the enemy fought the battle with the the support of their whole nation, the Chinese army fought alone without any re-enforcement. But due to the fact that our generals were not afraid to die, and our soldiers were 'struggling to die first before the others' on the battle fields, we were able to carry on the fight for almost two years. Had we had better equipment and more abundant supplies, no one could indeed tell which side would have been victorious," said the Chinese general.

The General then went on to discuss the fighting ability on both sides, and concluded that so far as the endurance of hardship is concerned, the Japanese soldiers are not necessarily behind the Chinese. But according to General Ma, the great handicap to the invaders was unfamiliarity with Chinese geographical positions and the cold climate, the large number of deaths in the enemy forces being due to bitterly cold weather during the Nonni River Battle. Further, continued General Ma, the enemy could fight only with trenches ready and troops concentrated, while the Chinese troops, by adopting guerilla warfare, could gather and disperse at will, and could attack the enemy unexpectedly, for instance the famous "Hailan Battle" when only a few hundred Chinese soldiers, armed only with pistols, broke up the Japanese line of defence and occupied the city after killing many of them.

"Some Experiences and Observations"

"From my experience in resisting the invaders, the enemy forces were not necessarily as fierce as tigers and lions. It was only due to lack of our spirit of making sacrifice in putting up resistance" said the Nonni River Hero. "The policy of the enemy is always the same, so we can never preserve ourselves by surrending everytime to their demands. Should everybody determine to fight, there would be hope for the nation. There is no use for us to be pessimistic all the time. Further, since the opening of China to foreign trade, other powers have been watching developments. No one can put others to death through militarism, nor through intoxicating the people by empty talks of friendliness. It is certain that only by following the example of the Abyssinians and resisting foreign aggression can we wipe out our national humiliations and take back our lost territory." Such are some of the experiences and observations of the Nonni River Hero. General Ma concluded by saying that he is only seeking for a chance to die for the nation and to live up to the expectation of the people.

"The Christian General" on Resistance

General Ma is not the only one who has at last broken his silence and begun to give his opinion on the Sino-Japanese crisis. In his speech delivered at the weekly memorial service, General Feng Yu-hsiang; more popularly known as the "Christian General" was reported a short time ago to have cited the many humiliations, in their chronological order, to which China has been subjected by Japan since Sept. 18, 1931, and concluded by urging that "even a clumsy animal when being driven to extremity will put up a life-and-death struggle; will not 400,000,000 people do the same?"

The 19th Route Army "Ready to Defend Country"

In an interview with Chinese and foreign pressmen, General Tsai Ting-kai, former commander-in-chief of the famous 19th Route Army which so gallantly defended Shanghai during the troubled days of 1932 against the Japanese, was quoted to have said confidentially that the well-trained Cantonese troops would be most enthusiastic in defending their country, and that with the cooperation of the Nanking Government, he believed that in one week's time he could remobilize the whole 19th Route Army and make it an efficient fighting unit again. According to another report, the famous defender of the country was also quoted as having said that he would be willing to surrender himself to Nanking and to fight for the nation if the latter would adopt a policy of positive resistance.

General Su's Attempted "Patriotic Suicide"

Disturbed by the suppression of student demonstrations, and aggrieved by the national crisis, General Su Fan-ting, Chief-of-Staff of the newly organized First Army Corps, went to the Sun Yat-sen Mansoleum and stabbed himself in the side with a dagger. General Su had with him a lengthy statement, in the spirit of Dr. Sun, urging the government leaders and the public to rise against external aggression.

"Volunteers" Again Active in Manchuria

The latest reports from Manchuria also indicate that the Chinese "volunteers"—or the "bandits," as the Japanese call them—have been very active again throughout Manchuria (for details, see an account in *Ta Mei Wan Pao* dated Jan. 2, 1935). Though under heavy protection by the Japanese forces, the S.M.R. (South Manchurian Railway) Station in Fengtien (or Mukden) was once attacked and occupied by the "volunteers" on Sept. 21, 1935, not to mention many other places. From the same accounts it will be seen that "volunteers" are particularly active in Kirin where they join with the "revolutionists" in Korea, in opposing the Japanese.

A "Warning" to Japan

From the above, it is clear that though the leaders of the governments in Nanking and Tokyo are going on with their negotiations for the readjustment of the Sino-Japanese relations, it does not mean that the Chinese are all pro-Japanese or easy-going people. On the contrary, China has many patriotic sons who are willing to lay down their lives to defend the nation. The latest developments in China, such as the nation-wide student demonstrations under the most adverse circumstances, the daily issuance of telegrams, circulars, declarations, etc., "patriotic suicides" by Chinese in China and in foreign countries (one Chinese student committed suicide in Berlin) and inspiring speeches by Chinese indicate that Chinese patience is now being lost, and China has been driven to the "extremity" where there is no way out except to put up a "life-and-death struggle" with Japan irrespective of the consequences. So the present negotiation for the adjustment of Sino-Japanese relations is obviously the last one of all, and it is the last effort on the part of the Chinese leaders to settle outstanding Sino-Japanese problems with Japan through peaceful means. Should the negotiation be broken down, due to the many demands, let us warn the islanders that not only would they witness the issuance of telegrams, circulars, etc., delivering of many patriotic speeches, committing of "patriotic suicides," and holding of huge processions by the students throughout China, but also they will see that Chinese public opinion will be mobilized, and Chinese soldiers will fight "without or in direct disregard of instructions from Nanking" in very much the same way as when the commanders of the 19th Route Army in Shanghai hung up the telephone message from Nanking not to fight, and went on to fight by themselves with the invaders in 1932. So if the Japanese public is sensitive enough, they will take cognizance of the new developments in China today!

Nanking, January 5, 1936.

China in 1935

BY M. T. Z. TYAU
In the "China Press Weekly"

JANUARY

7. Signor Vincenzo Lojacono arrives at Shanghai as Italy's first ambassador to China. Eighteen days later he presents his credentials to President Lin Shen, in Nanking.
8. The "third party transmission office" for handling mails to and from "Manchukuo" is inaugurated at Shanhaikwan, with a branch office at Kupeikow.
   Five airplanes donated by the citizens of Peiping to the National Government are christened at the Nanyuan Airdrome.
9. Regulations governing the creation of Sikong Provincial Government are approved by the Kuomintang Central Political Council, making Sikong the 28th province.
14. 86 members of the new Legislative Yuan are sworn into office under the presidency of Dr. Sun Fo.
23. A force of Japanese infantry launches an attack on Tushihkow, in east Chahar—one of the passes in the Great Wall between Kalgan and Kupeikow.

FEBRUARY

3. The Chahar affair is settled by a verbal agreement reached at the Tatan conference—the Japanese agreeing to withdraw their troops to West Jehol and General Sung Chehyuan undertaking not to permit his troops to enter the disputed area.
5. Postal money order and parcel services are resumed between "Manchukuo" and China Proper; also direct telegraphic communications.
6. China's annual contribution to the League of Nations is reduced, by the Committee on Budgetary and Administrative Questions of the League Assembly, to 42 units, each unit being equal to Gold Fr. 30,294.65.
19. The first anniversary of the New Life Movement sponsored by General Chiang Kai-shek is fittingly observed throughout the country.
20. Dr. W. W. Yen, Chinese Ambassador to U.S.S.R., Dr. Mei Lan-fang and Miss Butterfly Wu embark on s.s. Sever, chartered by the Soviet Government, for Vladivostock. Dr. Mei is accompanied by a troup of 24 stage players at the special invitation of the Moscow Government, while the screen star Miss Wu goes to Moscow as a representative of the Star Motion Picture Co., to take part in an international exhibition of motion pictures.
    Speaking before the Kuomintang Central Political Council, President Wang Ching-wei of the Executive Yuan and concurrently Minister for Foreign Affairs, comments on the Japanese Foreign Minister Mr. Hirota's speech in the Tokyo Diet concerning Japan's policy towards China. Mr. Wang concludes:
    "I wish to emphasize with all frankness and seriousness that we wish to solve all the complications between the two countries with fullness of sincerity and through pacific means as well as regular procedure, so that all mutual suspicions and all speeches and actions mutually repellent and detrimental may be gradually eradicated and that the hope of close friendship between the two countries as entertained by the late Party Leader, Dr. Sun Yat-sen, may be realized."

MARCH

1. At a public address in Hankow Generalissimo Chiang Kai-shek declares that China will be rid of the opium evil in six years, and plans to that end are being enforced accordingly.
2. Having cleared Kiangsi of all traces of the Reds, Generalissimo arrives in Chungking by air, to give personal attention to the campaign against the Reds in Szechwan. "I have come to alleviate the sufferings of the people and to reconstruct Szechwan Province," he says at the first public address.
4. On the eve of his departure from Tokyo after a fortnight of exchange of views with Japanese leaders, Dr. Wang Chung-hui, Chinese Judge at the Permanent Court of International Justice, declares:—"I leave the hospitable shores of Japan for The Hague happy in the belief something has been accomplished to end the unfortunate estrangement which has prevailed between the two great countries of the East during the past few years, with serious repercussions not only to China and Japan but also to the harmony of the world in general."
11. The Ministry of Foreign Affairs lodges a strong protest with the Soviet Government against the sale of the Chinese Eastern Railway by Soviet Russia to "Manchukuo."
12. The first National Conference for the promotion of Co-operative enterprises is held in Nanking, having been sponsored by the National Economic Council, the Rural Rehabilitation Commission and the Ministry of Industry.
16. The first "mass" wedding in China is held in Hangchow, when nine couples are united in a local theatre.
23. Generalissimo Chiang Kai-shek arrives at Kweiyang by air, accompanied by Madame Chiang, to direct the Anti-Red campaign in Kweichow province.
26. Ma Chao-chun, State Councillor of the National Government, is appointed Mayor of Nanking.
30. The Bank of China is placed practically under Government control by the increase of its capital from $25,000,000 to double the amount, which is to be equally subscribed by the Government and private shareholders. T. V. Soong is appointed Chairman of the board of directors. Dr. Kung, Minister of Finance, declares that it is the policy of the Government to further strengthen the Bank of China as well as the Central Bank and the Bank of Communications, in view of the general depression.

APRIL

1. General Chiang Kai-shek sponsors a new movement with these words at a press interview in Kweiyang: "In order to overcome the national emergency and relieve the sufferings of the people, another movement must be started following the New Life Movement. This is the People's Economic Reconstruction Movement."
17. The Ministry of Foreign Affairs announces that, as a result of exchange of notes with Sir Alexander Cadogan, the British Minister to China, a joint Commission of five members will be appointed by both sides to investigate the long outstanding boundary dispute at Panghung on the Yunnan-Burma border. The fifth will be a neutral commissioner to be appointed by the League of Nations Council.
22. Eleven members of the American Economic Mission arrive at Shanghai, headed by W. Cameron Forbes, former governor-general of the Philippines and American ambassador to Japan.
30. Seven Control Commissioners appointed by the Control Yuan for various areas are sworn into office in Nanking.

MAY

4. The Ministry of Foreign Affairs announces the signature by President Wang Ching-wei, concurrently Foreign Minister, and Henri Wilden, French Minister to China, of a Protocol relative to Lists A and B forming Annex I to the Convention (signed on May 16, 1930) regulating the relations between the two countries concerning French Indo-China and the adjoining Chinese Provinces.
8. Major-General S. Itagaki, Vice-Chief of the Kwantung Army, declares at Changchun that, as long as China declines to accord recognition to "Manchukuo," there will be no possibility of replacing the Tangku Truce Agreement with a treaty of permanent nature.
10. General Chiang Kai-shek accompanied by Madame Chiang, arrives at Kunming (Yunnan) by air from Kweiyang, having cleared Kweichow Province of the Reds.
17. The Ministry of Foreign Affairs announces the reciprocal elevation of the Chinese Legation in Japan and the Japanese Legation in China to the status of embassies, also the similar elevation of the Chinese Legations in London and Washington to the rank of embassies.
21. Under the pretext of suppressing Chinese "bandits," Japanese troops invade the Demilitarized Zone.
    General Chiang Kai-shek leaves Yunnan by air for Szechwan to direct the anti-Red campaign.
22. The national budget estimates for the 24th fiscal year (July 1, 1935-June 30, 1936) as approved by the Kuomintang Central Political Council, are balanced at $957,184,006.
24. China is lauded in Geneva by the Opium Advisory Committee as being the most progressive country in the world in the campaign against opium and narcotics.

22-24. China approves of the appointments of Sir Alexander Cadogan and Dr. Oskar P. Trautmann as the first British and German ambassadors to this country.

31. The Chinese charge d'affaires in Paris is officially informed that the French Government will also raise its Legation in China to the status of an embassy.

JUNE

6. General Yu Hsueh-chung's resignation from the chairmanship of Hopei Provincial Government is accepted by the Executive Yuan and he is appointed commander of the bandit-suppression forces for Szechwan-Shensi-Kansu borders.
10. General Ho Ying-chin informs the Japanese Military Attache in Peiping that the Japanese demands regarding North China are accepted. These include the removal of General Yu Hsueh-chung's troops from Hopei and the abolition of all Kuomintang organs in the same province, etc.
    In circular order to all Provincial and Municipal Governments the Executive Yuan prohibits any agitation or conduct likely to impair friendly relations between China and foreign countries.

14. Akira Ariyoshi presents his credentials to President Lin Shen as Japan's first ambassador to China.
15. Sir Alexander Cadogan presents his credentials to President Lin Shen as Great Britain's first ambassador to China.
18. General Sung Cheh-yuan is relieved of his chairmanship of Chahar Provincial Government, by way of settlement of the Chahar affair in which four Japanese civilians were allegedly detained and ill treated.
25. A Government mandate is issued abolishing and reducing export duties on 138 kinds of commodities.
Dr. Ch'eng T'ien-fang is appointed ambassador to Germany, and Dr. S. K. Alfred Sze is promoted ambassador to U.S.A.
General Shang Chen is appointed Chairman of Hopei Provincial Government and Cheng Keh, mayor of Tientsin.
28. 2,000 irregulars and rebels, led by Pai Chien-wu and Shih Yu-san, launch a sudden attack on Peiping but are repulsed.

JULY

1. The new Criminal Code comes into force; and likewise the judicial system providing three grades of courts to replace the former system of four grades of courts.
5. At an interview with foreign journalists in Peiping, Colonel Takahashi, Japanese assistant military attache, admits that Japanese ronins participated in the irregulars' attack on Peiping on June 28. He states that they have now been deported to Japan, but declares he does not know how many of them are involved.
8. Tu Chung-yuan, editor and publisher of the New Life Weekly (in Chinese) is sentenced to 14 months imprisonment for publishing, on May 4, an article regarded by the Japanese as insulting to their Emperor.
8. Four lineal descendants of China's principal sages—K'ung Te-ch'eng, Meng Ching-tang, Yen Shih-yuag, and Tseng Fan-shan are sworn into office at Nanking as sacrificial officials.
15. President Wang Ching-wei flies to Tsingtao to recuperate for a few weeks, and Dr. H. H. Kung is appointed Acting President of the Executive Yuan.
18. One million people are already homeless on account of the rising waters caused by the breaching of the Yellow River as a result of the incessant rains in Western Shantung.
27. Syndicated Japanese banks in Tokyo underwriting various Chinese loans announce the receipt of the first instalment amounting to Yen 1,300,000, on the arrears of principal and interest on defaulted issues estimated to total Yen 800,000,000.
27. At the Brussels World Fair, the jury of the International Contest of Rural Cinematography awards one of the three major prizes to "The Chinese Peasant in Spring"—a Chinese motion picture produced by the Central Kuomintang's motion picture department.
28. After a fortnight's inspection. Hsu Shih-ying declares that the flood victims in the four provinces of Hupeh, Hunan, Kiangsi and Anhwei now number no less than ten million, while the flooded area is estimated at 100,000 square kilometers and the loss to property at $500,000,000.

AUGUST

1. "Children's Year" is ordered by Government Mandate to begin from today.
4-6. Col. Liu Tso-chou of the Peace Preservation Corps is assassinated and a Japanese gendarme is wounded by unknown gunmen at Luanchow railway station in the Demilitarized Area, while T'ao Shang-ming, formerly administrative inspector of the Luantung area of said zone, is detained at the Japanese Embassy in Peiping for investigation.
9. President Wang Ching-wei tenders his resignation as head of the Executive Yuan and Foreign Minister.
10. An agreement is signed at Nanchang, between Chiang Chih-cheng (director of the Administrative Bureau of Kuling) and G. S. Moss, (British Consul-General at Hankow) for the transfer of British land leases at Kuling to China.
12. General Chiang Kai-shek issues circular order outlining eight concrete measures for the economic reconstruction of the country.
Gareth Jones, correspondent of Manchester Guardian, is killed by bandits in Chahar. His traveling companion, Dr. Herbert Mueller, German journalist, was freed by their captors in order to secure ransom money for Jones.
13. General Chin Shu-jen, formerly Chairman of Sinkiang Provincial Government, who was sentenced last year to three and a half years' imprisonment for "treason against the State by inviting foreign menace to the Republic," begins to serve his sentence, when the Supreme Court rejects his final appeal.
21. President Wang Ching-wei is persuaded to withdraw his resignations.
21. The airplane donated by Premier Mussolini to General Chiang Kai-shek is formally presented to the Generalissimo at Kiukiang by Col. Silvio Scaroni, the pilot who flew the plane to China from Rome.
28. The Peiping Political Council is abolished and General Sung Cheh-yuan is appointed Garrison Commander of the Peiping-Tientsin area.
29. The Kuomintang organs in Suiyuan Province are ordered to be closed.

SEPTEMBER

1. The new Stamp Tax Law comes into force; and likewise the Simplified Life Insurance plan through all postoffice savings banks.
11. Seven Japanese warships steam into Swatow, because the Agricultural Tax Bureau of that port had seized several Japanese boats engaged in transporting rice that refused to pay the rice duty.
14. Dr. Oskar Trautmann presents his credentials to President Lin Shen as the first German ambassador to China.
16. The first National Judicial Conference is convened in Nanking—China is unable to secure a seat at the League of Nations Council.
Nelson T. Johnson presents his credentials to President Lin Shen as the first United States ambassador to China.
18. Accompanied by 20 experts, Chinese members of the Sino-British Joint Commission for the demarcation of the Yunnan-Burma boundary—Messrs. Liang Yu-kao and Yin Ming-ten—depart for Yunnan, to be followed by Colonel Iselin, Swiss neutral chairman nominated by the League of Nations Council, and the British commissioners Messrs. J. Clague and F. S. Grose.
21. Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, arrives at Shanghai to study the silver situation.
The Hopei Economic Union is inaugurated in Peiping, to devise measures for the development of industries in Hopei Province. It is composed of representatives of chambers of commerce in Peiping and Tientsin, managers and directors of banking concerns in these two cities and a number of economic experts.

OCTOBER

6. Chinese Economic Mission sails from Shanghai for Japan, headed by Wu Ting-chang, and composed of fifteen leading Chinese businessmen and industrial leaders.
7. General Chiang Kai-shek arrives at Sian by air from Chengtu, upon the virtual elimination of the Reds in Szechwan.
8. China protests against the disarming of two Customs cruisers in Chinwangtao by Japanese gendarmes on September 17.
9. The flotation of $20,000,000 domestic bonds for the relief of flood victims is approved by the Kuomintang Central Political Council.
10. General Chin Shu-jen, formerly Chairman of Sinkiang Provincial Government, is granted a special pardon.
The Sixth National Athletic Meet is convened in Shanghai, attended by nearly 3,000 athletes from all over the country and the South Sea islands.
34 foreigners are decorated by the National Government with the "Brilliant Jade" Decoration for meritorious services.
11. General Yen Peng is relieved of the commandership of the Wuhan Garrison, and the incident over the alleged anti-Japanese posters in the Garrison Headquarters is considered closed by the Japnaese.
15. The Swatow incident in connection with the seizure of Japanese rice is amicably settled.
17. General Han Fu-chu, chairman of Shantung Provincial Government, orders an official found guilty of corruption to be given 150 strokes with the bamboo and to disgorge his ill-gotten gains.
21. George H. Dern, U.S. Secretary of War, is a visitor in China, en route to Manila.
22-8. Several hundred farmers stage a revolt in Hsiangho, 40 miles from Peiping, in the Demilitarized Zone, and demand self-government as well as the abolition of the new land tax.
28. A party of armed Japanese dressed in civilian garb raid the Chinese Press Censorship Bureau in Tientsin and carry off six of its staff.
30. The Japanese military begin arresting Chinese intellectuals and officers suspected of anti-Japanese proclivities in Peiping and Tientsin until protested against vigorously by the National Government a fortnight later.

NOVEMBER

1. The Sixth Plenary Session of the Kuomintang 4th C.E.C. is convened in Nanking, with an attendance larger than at any previous plenary sessions. An attempt is made on President Wang Ching-wei's life shortly after his delivery of the inaugural address.
Transmission of messages in the Japanese language be-

tween Peiping and Tientsin and with the larger cities of "Manchukuo" is inaugurated.

2. Vice-President John N. Garner and the Congressional Party are visitors in Shanghai, enroute for Manila.
3. Far-reaching decrees are promulgated by the Ministry of Finance designed to stabilize the national currency and nationalize all silver holdings in the countries.
9. Colonel Yuan Liang having resigned from the mayoralty of Peiping as a result of Japanese dissatisfaction, General Ch'in Teh-hsun is inaugurated as the new mayor. General Hsiao Chen-ying succeeds General Ch'in as Chairman of the Chahar Provincial Government.
10. As a result of the shooting of Nakamura, a Japanese marine, in Darroch Road (Shanghai), the Chinese population in Chapei become panicky and for five days as many as 200,000 people move into the International Settlement, until the terrifying rumors are denied and the Chinese authorities adopt energetic steps to stop the pathetic exodus.
12. The Fifth National Congress of Kuomintang Delegates is convened in Nanking with an attendance of 405 Party members and 112 C.E.C. and C.S.C. members.
12. The dispute between the Mongolian Political Council and Prince Dorichi of the West Banner, which threatened at one time to lead to hostilities, is amicably settled.
13. To avenge her father, Miss Shih Chien-chiao shoots Sun Ch'uan-fang, former overlord of Kiangsu, Chekiang, Kiangsi, Fukien and Anhwei, at a Buddhist temple in Tientsin, and then delivers herself up to the law.
19. The 150th anniversary of trade between China and the United States is fittingly observed in Shanghai as in U.S.A.
19. General Chiang Kai-shek speaks on China's foreign relations before the Fifth National Congress of Kuomintang Delegates.
22. The Ministry of Communications signs an agreement with the French Air Ministry providing for a connection between existing lines of the China National Aviation Corporation and Air France, thus linking up China and Europe.
23. Japanese military seize North China railways ostensibly to prevent rolling stock from being removed.
25. Yin Ju-keng inaugurates "The Autonomous Government of East Hopei" with headquarters at Tungchow, 12 miles east of Peiping. His arrest is ordered by the National Government.
25. 2,000 hooligans attempt to stage an "autonomist" demonstration in Tientsin but are soon suppressed.
26. The Peiping Branch Military Council is abolished and General Ho Ying-chin is appointed Resident Representative of the Executive Yuan in Peiping, while General Sung Cheh-yuan is appointed Pacification Commissioner of Hopei and Chahar.
28. China decides to send 80 athletes to take part in seven branches of the competitions at the World Olympics in Berlin next summer.
29. China notifies the Powers that all actions taken by Yin Ju-keng, the rebel, must be considered as null and void. China lodges two vigorous protests with Japan against the occupation by Japanese troops of Fengtai and Changyi-men, railway stations, and the alleged machinations of the Japanese military in connection with the so-called autonomy movement in North China.

DECEMBER

1. In pursuance of the decisions of the League of Nations, the embargo on trade with Italy is enforced from today.
2. The First Plenary Session of the 5th C.E.C. is convened in Nanking, with an attendance of 174 out of 260 C.E.C. and C.S.C. members.
4. The "Ta Kung Pao" of Tientsin is banned in Peiping, as a result of its advice to General Sung Cheh-yuan to be steadfastly patriotic. The First Plenary Session of the 5th C.E.C. decides that the draft of the Permanent Constitution shall be promulgated on May 5 next and that the National People's Congress shall be convened on November 12 next.
7. His Excellency Lin Shen is re-elected President of the National Government, while General Chiang Kai-shek, is appointed President of the Executive Yuan, Hu Han-min is appointed chairman of the standing committee of the Kuomintang C.E.C. and Wang Ching wei as chairman of the Kuomintang Central Political Council.
9. Students from various universities and colleges in Peiping hold demonstration against the so-called autonomous movement in North China.
10. The Ministry of Foreign Affairs approves of the appointment of Mons. Naggiar, now French Minister to Czecho-Slovakia, as French Minister to China.
11. "Manchukuo" troops attack Kuyuan, a few miles inside the Chahar border.
Circular instructions are instructed to all Government organs to enforce freedom of the press and to accord due protection to all papers which express constructive and proper opinions on current affairs.
12. The personnel of the new Hopei and Chahar Political Council is announced, headed by General Sung Cheh-yuan, who is made concurrently Chairman of Hopei Provincial Government.
New Cabinet Ministers and Vice-Ministers of the Executive Yuan are gazetted, with General Chang Chun heading the Foreign Office and two leading bankers—Messrs. Wu Ting-ch'ang and Chang Kia-ngau—respectively heading the Ministry of Industry and Ministry of Railways.
Students in Canton, Hankow and Hangchow parade through the streets in protest against the seditious movement in North China.
16. Students in Peiping stage the second mass demonstration against the "autonomy" movement in North China.
20. Students in Shanghai parade through the streets and petition Mayor Wu Te-chen to convey their protests to the Central Authorities against the seditious movement in North China.

THE GIST OF JAPANESE PRESS OPINION

To whoever believes in the cause of Far Eastern peace, Sino-Japanese friendly cooperation must be a policy of absolute necessity. The Nanking Government must first bow to that conviction if it would stabilize its position in China and contribute to the peace of East Asia.—*Tokyo Kokumin.*

The outlines of the Government Budget for 1936 just made public by the Finance Office indicate two salient facts: One is that there is a persistent tendency of the estimates for State defence to increase. The other is that opportunism largely governs control of the revenue.—*Tokyo Chugai.*

China this year has been as restless as ever so far as her relations with Japan were concerned, because of her masqueraded policy towards Japan. The recent creation of an autonomous Government in North China only complicates the Sino-Japanese situation, thus carrying troubles into the new year.—*Tokyo Nichi Nichi.*

The national unrest of China comes from the Nanking Government's bad control of the terroristic radicals in China. For eradication of the anti-Japanism among the Chinese, the Nanking Government must decide to introduce a thorough improvement in its school-education system.—*Tokyo Miyako.*

The Moscow Government has recently published details of the "remarkably strengthened" status of Soviet defence. It may be true that the Soviets have been striving for some time past for such strengthening, but it would be fatally erroneous if they think on that account that they can intimidate others.—*Tokyo Kokumin.*

Generally speaking the farming populace this year could not enjoy much improvement of their distressed economic condition. It was true that the rice price recorded appreciation but its benefit was confined to only a limited group of landlords. The same may be said of the rise in the price of cocoons.—*Osaka Asahi.*

The business prospects for the current year have been decidedly reassuring with favorable tendencies maintained by foreign trade, industrial enterprises, prices and money market. Whether further improvement will be possible, however, in the coming year must be regarded as highly problematical.—*Tokyo Hochi.*

Citizens are grateful for the year-end's special police service during the midnight in Tokyo. But there is a general complaint of the policemen's manner of challenging the midnight pedestrians. But in view of their limited number and remuneration, there is more cause for sympathy than for complaint.—*Tokyo Asahi.*

Both the banking and exchange operations of this country during 1935 registered very satisfactory results. This shows the favorable development Japan's economic circles have made. But the farm relief problem and Powers' nationalistic economic policy remain to be settled next year.—*Tokyo Nichi Nichi.*

Nanking Government Circles Optimistic on New Monetary Policy

Government financial circles expressed considerable optimism in Nanking Jan. 6 regarding the workings of the recently-enacted Chinese monetary policy. Conspicuous results have been achieved by the program, it was generally agreed in official quarters. The new activities of the United States Government in relation to its silver-buying policy have had no unfavorable effect upon China, it was said, but, on the contrary, have worked to China's advantage. The estimate was made in government financial circles that $340,000,000 worth of silver is now being hoarded in Shanghai, while silver in the hands of foreign merchants was placed at only $40,000,000 during December.

—*From the New York "Nation"*

"Keep away, Officer, she has agreed to come voluntarily."

Outer Mongolia—A New Danger Zone in the Far East

(*By T. A. Bisson in "Foreign Policy Reports," Nov. 20, 1935*)

Mongolia is both a potential battleground and participating factor in the conflict that is maturing in the Far East. International rivalries in this region are complicated by the divergent class interests of the Mongols. The princes and lamas, dispossessed in Outer Mongolia, are still the ruling elements among the Mongols in Manchuria and Inner Mongolia. Since their weakness prevents them from achieving effective independence, their ruling status can only be maintained in association with China or Japan. The Inner Mongolian leagues have seized the opportunity of the present crisis to win political concessions from Nanking, but the history of Chinese encroachment on Mongol pastures does not dispose them to trust China too far. At the same time, their scope for maneuvering is definitely limited by the extent of the Japanese advance in Inner Mongolia, which is rapidly undermining Chinese control of Chahar and Suiyuan Provinces. Faced by a determined Japanese move, the Inner Mongolian princes would probably elect submission to Japan rather than a fight to the death for China.

Japan's program holds out to the princes and lamas the possibility of re-establishing a unified Mongolia under Japanese hegemony. The reservations of the Inner Mongolian princes over the effectiveness of the autonomy they might achieve under Japan's aegis, however, are sufficiently shown by the fact that they turned first to Nanking. Events of the past three years in "Manchoukuo" have strengthened these reservations. The promised Mongol autonomy in Hsingan Province has been restricted by the rigid control exercised over the Mongols, the refusal to allow them to bear arms unless actually enlisted in military service, and "the fact that none of the Mongols holding office under Manchukuo is considered a really capable potential leader by either conservatives or progressives."

In Outer Mongolia the mass of the people are building a new social order in which the former privileges and vested interests of the princes and lamas are being eliminated. This development is based on the Soviet model and is taking place under the guiding influence of the Soviet Union. Nevertheless, as distinguished from Manchuria and Inner Mongolia, the changes in Outer Mongolia are grounded on "a genuinely pro-Mongol intention, and the process of change is in the hands of Mongols . . . ." In Outer Mongolia alone both subordinate and high executive positions are held by Mongols, the schools are unmistakably Mongol, and the troops are "Mongol throughout—Russian officers being restricted, by the general testimony even of dissatisfied refugees, to training and teaching functions."

In the critical events which are taking place in Mongolia, the initiative lies with Japan. To the rapid Japanese penetration of Inner Mongolia there has been added, during the past year, the direct efforts to open up Outer Mongolia. For the present, however, the main line of the Japanese advance is into China and Inner Mongolia. Despite the "incidents" on the Outer Mongolian and Siberian borders, no immediate intention of challenging the Soviet Union's position in the Far East appears to exist in Japan outside of chauvinist military circles. How soon such a challenge may develop depends largely on the course of events in Europe.

The Sage of Coeur d'Alene Gets Recognition in London

Charles Hooper, Coeur d'Alene, Idaho, who is probably the world's champion writer of "Letters to the Editor"—*The Review* has at times published some of them—has recently written as follows:—

"The miracle has happened. After many years of siege, the London *Times*, not a newspaper, but an institution, has at last capitulated to my barrage of letters, and has not only published one of my letters, but, as if to make amends for its stubborn resistance, has given me indemnification by publishing a long leader about my letter. I can now die happy. What more have I to wish for in this life?"

Japanese Capitalists Combine With S.M.R. to Exploit North China

(BY THE REVIEW'S TIENTSIN CORRESPONDENT)

IF THE South Manchuria Railway has played the role of spearhead of Japanese continental policy in Manchuria, the same role in North China appears to be assigned to the Kochu Kungssu, the opening of which was celebrated on December 20 in Dairen. It is a gigantic corporation jointly organized by the South Manchuria Railway and leading capitalists of Japan with the specific purpose of directing all Japanese economic activities in Chinese north-western provinces. Judging by the reports appearing in the Japanese press, it will serve as a central holding company for all Japanese commercial and industrial enterprises existing now in North China or to be launched there soon. As the S. M. R. is a joint enterprise of the Japanese Government and "big" four family groups (the Mitsuis, Mitsubishis, Sumitomos and Yasudas), so the newly organized corporation appears to be a child of their joint labor—it has a full list of directors, representing these interests. On December 20, the company held the inaugural meeting of its shareholders, at which the following persons were elected as directors; Mr. S. Sogo, chairman (formerly of the directorate of the S.M.R. Co.), and Messrs. I. Uchida, K. Taguchi, S. Kotani, and K. Hirate, members of the directorate. The "big" four family groups are represented in the company through advisers to the directorate, which posts have been allotted as follows; K. Shimada (the Mitsuis), H. Miakegawa (the Mitsubishis), J. Kawata (the Sumitomos), and Messrs. S. Murata and T. Kimimori representing the Yasuda and other interests.

The company has been capitalized at Yen 10,000,000, of which Yen 2,500,000 have been paid up. According to the present plans, in case of necessity, the capital of the company may be raised to 40—50 million yen. The company has its head offices in Dairen, whereas branch offices will be opened immediately at Tientsin and Shanghai. If called for, other branches may be opened also, it is said. The aims of the corporation are thus set forth in its statutes; (1) development of trade amongst China, Japan and "Manchukuo," (2) management of various economic enterprises now operating in North China or to be opened there soon, and (3) business activities relating to these basic purposes.

From this, it is difficult to make out the concrete aims o the Kochu Kungssu except that it is going to be a gigantic holding company centralizing all Japanese economic activities in North China. However, from recent press reports, it is possible to surmise that its activities seem to run along the following lines; (1) control of railways in North China, (2) establishment of commercial and industrial enterprises, and (3) development of certain lines of agriculture and cattle-breeding in North China (*e.g.* cotton growing and sheep raising).

What the Japanese Plans Include

The Japanese plans with regard to railways in North China appear to be obscure as yet, but from recent reports in the press it is possible to surmise that they include the construction of the following lines (their industrial plans in North China were covered in my report in *The Review* for August 24); (1) The Dolonor —The Gulf of Pechili Line, which, because of the recent completion of the Yebashi-Chihfeng branch of the Jehol Railway, may be considered as half completed; (2) the Tatung-Chingwantao Line, connecting the northern part of Shansi Province with the Gulf of Pechili at Chingwantao; (3) the Shihchiachuang-Tsaochow Line, connecting the southern part of Shansi Province with the Shantung Railway, operated by a Sino-Japanese company; (4) an electric line from Tangku to Tientsin, including vast improvements in Tangku Harbor, and (5) extensions and improvements to existing Chinese railways in North China including even the Hsuchow-Sian Line. Recent reports were to the effect that, of these plans, the construction of the Shihchiachuang-Tsaochow Line would be pushed on in earnest; it was even stated that the construction of the line had already been entrusted to a contractor.

Considerable doubt exists with regard to the projected Tatung-Chingwantao Line, for recent political developments in North China, so far culminated in the creation of a semi-independent regime in this territory, appear to have shifted it to the background, at least for the time being. Instead, the Japanese seem to be working secretly towards asserting their control over the existing Chinese railways in North China, namely, the Chinese section of the Peiping-Mukden Railway and the Peiping-Suiyuan Railway, in the manner they have spread their control over all railways in Manchuria. The establishment of a semi-independent regime here, headed by the Hopei-Chahar Political Council, with its avowed pro-Japanese policy, is certain to facilitate the realization of this scheme, about the existence of which there can be no doubt whatever.

Of these two schemes, the easiest is certainly to take over the control of the Peiping-Suiyuan Railway, for, firstly, there is no foreign interest involved, and, secondly, the Japanese already have considerable financial interests in the line through two loans advanced to it by the Toa Kogyo Kaisha, which, according to Japanese claims, amounted with interest in 1931 to Yen 11,300,000. For long time, these loans were held in abeyance, but recent reports were to the effect that the management of the line had consented to repay them. Now, with the consolidation of the Japanese position in North China through the organization of a semi-independent regime there, it is safe to say that the line is likely to fall completely into Japanese hands. Unless something unforeseen happens, this is likely to be attained slowly, through the appointment of Japanese advisers to the management of the Peiping-Suiyuan Railway (the total length of it is 960 klm.). Owing to the financial interests in the railway, the Japanese appear to be perfectly within their rights in demanding the appointment of such advisers. Once these advisers are admitted, the position will so turn out that they will be actual managers of the line, the Chinese Government, represented in this respect by the Hopei-Chahar Political Council, having the least possible voice in the running of the line.

The assertion of Japanese control over the Shanhaikwan-Peiping section of the Peiping-Mukden Railway (the other half of the railway is already under their control) represents a harder task, but is not unattainable. Already there are signs of how they will try to bring about the realization of this plan. As is known, Great Britain is considerably interested in this line through the capital invested as well as through the enterprise of the Kailan Mining Administration. It is the presence of these interests that has kept the Japanese at bay, but recent stunts by Ying Ju-keng, the puppet head of the East Hopei Autonomous Government, have conclusively proved that, if developed with circumspection, the scheme may be consummated practically without any opposition from British interests. Therefore, the assertion by Ying Ju-keng of his control over the Shanhaikwan-Tangku section of the railway as well as his claims to receive taxes paid by the Kailan Mining Administration throw light on the direction of events to follow in the near future.

A Real Offensive Against Chinese Control

In a sense, these activities of Ying Ju-keng may be regarded as a *ballon d'essai* on the part of the Japanese military to see whether they can extend their control over the Shanhaikwan-Peiping section of the railway, as well. And the complaisant attitude of the British authorities (the Chinese opposition does not come into account) has shown that they can with impunity, whereupon they have launched a real offensive against the Chinese control of the railway, this time acting through General Sung Cheh-yuan, the North China "dictator." On December 26, General Sung made important changes in the management of the railway, acting on his own discretion without any consultation with his government in Nanking. He appointed Chen Chueh-sheng, his right-hand man, to the post of managing director, so far held by Ying Tung, who, judging by his activities, appears to be rather a diplomat than a railway director. Upon becoming the manager of the railway, Mr. Chen made important changes in the personnel of the management, which process will doubtless be continued downwards to affect every station on the line. And it will surprise nobody, if Mr. Chen will one day be "advised" to hire a number of Japanese advisers to his railway, which will in the long run mean the extension of Japanese control over the Chinese section (422 klm.) of the Peiping-Mukden Railway. Hitherto, this section has been free of Japanese influence, except for the Japanese right to move troops up and down the line, arising out of the Boxer Protocol and so far taken advantage of by them to the fullest degree.

Thus, it is quite clear that the Japanese mean to extend their control over the entire rail line from the Gulf of Pechili to Baotou in Suiyuan (1,382 klm.). For all intents and purposes, it is the encircling of Outer Mongolia from the south, a strategic movement having colossal import and to which the high command of the Soviet Red Army doubtless pays due attention. As things stand now, the Japanese could occupy the entire line from the Gulf of Pechili to Baotou by their troops (it is assumed that the Tangku Truce Agreement of 1933 and the Ho-Umedzu "Agreement" of 1935 conferred upon them these rights), but since there is no pressing necessity for doing so, they appear to be working slowly, first, by alienating these two Chinese lines from the authority of the Nanking Ministry of Railways, and then by extending their own control over both of them.

It is here that the newly organized Kochu-Kungssu corporation enters into the picture. Though its statutes do not say explicitly that it will control railways in North China, the

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YOU'VE GOT STARVED NERVES! YOU CRAVE THE PRECIOUS VITAMIN B STORED IN QUAKER OATS
LISTEN TO THIS STORY...
... ABOUT TWO MONTHS AGO ONE OF MY PATIENTS CAME TO ME IN A FRIGHTFULLY RUNDOWN AND NERVOUS CONDITION...
HE WAS A LAXATIVE FIEND. HIS INTESTINES COMPLETLY LACKED TONE. DIGESTION WAS POOR. HIS WHOLE NERVOUS SYSTEM WAS A WRECK. I HAVE SELDOM SEEN SUCH A SALLOW COMPLEXION.
I CAREFULLY CHECKED HIS DIET AND FOUND HIM STARVED FOR THE PRECIOUS NERVE-NOURISHING VITAMIN B. A VITAL ELEMENT WE CAN'T STORE IN OUR BODIES. WE MUST EAT IT EVERY DAY. SO I PRESCRIBED A DAILY DIET OF QUAKER OATS.
LATER HE CAME IN TO THANK ME. WHAT A CHANGE! CURED OF LAXATIVES. BLOOD RICHER! BETTER NOURISHED. SLEEPS WELL, SHOWS NO SIGNS OF NERVOUS STRAIN HEADACHE. ALL BECAUSE QUAKER OATS GAVE HIS BODY THE PRECIOUS VITAMIN B AND MINERALS HE NEEDED SO MUCH.
... AND SO I TOOK THE DOCTOR'S ADVICE!

M-21

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fact that it is a subsidiary of the S.M.R. specifically created for the control and guidance of all Japanese economic activities in North China indicates that the Kochu-Kungssu is going to be a sort of super-management for all railways, old and new, in this territory, including the Peiping-Shanhaikwan and the Peiping-Suiyuan lines. In the light of this situation, the words of Y. Matsuoka, president of the of the S.M.R., made public some time ago, to the effect that with the creation of Manchukuo the historical role of the S.M.R. in Manchuria may be considered as ended and that the railway should now seek new fields of activity, appear to be significant. In other words, he meant to say that through the Kochu-Kungssu the S.M.R. should transfer itself, bag and baggage, from Manchuria to North China. In this respect, the role of a rail line from Shanhaikwan to Baotou, 1,382 klm. long, appears to be identical with that played by the S.M.R. in Manchuria.

There remains to analyse the position of General Sung Cheh-yuan and his Political Council in this scheme of things. It will have been seen that there are a good many reasons to think that with the birth of the Kochu-Kungssu the real guidance of affairs in North China, at least in the field of econmic activities, will be transferred from the Council (or any institution which may supersede it) via its advisers to the Kochu-Kungssu, which therefore will be the real government of North China. This reduces the position of General Sung Cheh-yuan or whoever supersedes him to that of a puppet. In this respect, his position may be likened to that of Chang Tso-lin, or—in other words—he will be the object of endless remonstrances, cajolery and threats. So history repeats itself.

Tientsin, January 2, 1936.

Peiping-Tientsin Journalists Organize Association

BY HUBERT S. LIANG

A DECIDEDLY forward step toward a better, freer and more vigorous press in China was taken in Peiping on Jan. 1, 1936 when more than 25 Chinese journalists, editors, publishers, reporters, business managers and teachers of journalism, representing practically all the leading newspapers, news agencies and schools of journalism of these two principal northern cities met to inaugurate the Chinese Journalists Association of Peiping and Tientsin.

The objectives of this Association, according to the constitution and by-laws passed at the meeting which was in session for more than four hours, are: (1) To promote the freedom of the press, (2) To foster the development of all journalistic enterprises, and (3) To improve Chinese journalism through study, research and discussion.

The membership is open to any Chinese who is engaged in journalistic enterprises, be he a reporter, editor, publisher, business manager, or a teacher of journalism. A strict procedure of admitting new members is provided for in the constitution which stipulates that any one who desires to join this Association must be introduced by five members, approved by the Executive Board of Directors, and unanimously passed by the general membership, before he can become a full-fledged member.

An Executive Board of Directors of five members and a Supervisory Board of three members are entrusted with the execution and supervision of the affairs of the Association. The personnel of the Executive Board and Supervisory Board for 1936-37 is as follows:

(1) Executive Board of Directors: Chen Po-shen, Editor and Publisher of Peiping *Chen Pao*, who also serves as the executive officer of the Board; Chang Chi-luan, Editor-in-Chief of *Ta Kung Pao*, Tientsin; Chang Ming-wei, Managing Director of *Peiping Chronicle*; Chen Sha-wo, Editor and Publisher of *Chieh Shiih Pao*, Peiping; Hubert S. Liang, Chairman of Department of Journalism of Yenching.

(2) Members of Supervisory Board: Kwan Yi-shen, Editor and Publisher of *Shih Pao*, Peiping; Ling Chung-yi, Managing Editor of *Peiping Chen Pao*; Sun Jui-chin, Resident correspondent of *Reuters News Agency* in Peiping.

At the conclusion of the meeting a manifesto in both Chinese and English was issued which calls, among other things, for immediate and complete abolition of press censorship in all its ramifications. The full text of the manifesto follows:

Text of Manifesto

"The admitted lack of strength of the Chinese press and the peculiarly precarious situation in which it finds itself today make it urgently necessary for all Chinese journalists to organize themselves in order that the Chinese press can faithfully and properly discharge its duties and present a united front in its struggle toward the common objective of a free and honest press.

Keenly realizing this necessity we, the Chinese journalists of Peiping and Tientsin, have hereby organized ourselves into an association to be called the Chinese Journalists Association of Peiping and Tientsin.

Following in the footsteps of our fellow journalists all over the country we are determined to do our utmost to work for the betterment of the Chinese press through diligent study and discussion on the one hand and through our unceasing efforts to fight against all illegal restrictions on the other, for it is only a free and unfettered press that can meet the crying needs of our people and our country today. We, therefore, submit to our Central Government the following four demands which we earnestly hope that the Government will immediately and unconditionally accept:

1. Remove all restrictions on the freedom of the press and thereby enable it to offer candid and honest opinions regarding our national policies and workings and plans of our Government. This necessarily calls for immediate abolition of the present censorship system in all its ramifications and completely doing away with all enactments that undermine the freedom of publication.

2. Accord full protection to all newspaper properties, safeguard the personal safety of newspaper workers, and guarantee that except by due processes of law no newspaperman shall be arrested and no newspaper shall be stopped publication or deprived of its mailing privileges or in any other way penalized.

3. Authorities, whether they are of central or local government, must not abuse their power or position to force any newspaper or news agency to spread propaganda in the interest of certain factions or individuals.

4. For all those newspapers or newspapermen who hitherto have suffered illegal and unjust penalties, due recompense must be made and officials responsible must be duly punished.

We profoundly realize the extreme gravity of the crisis which confronts our nation today and we firmly believe that our people should be fully aroused to our national dangers through every available means of information. Failing this, not only will the Government be held strictly accountable by present and future generations for this criminal and inexcusable failure, but the effects will certainly be tragic and disastrous to the people.

Therefore, we express our fervent hope that the Government will fully accept our demands and hasten to remove all obstacles that hamper the freedom of expression and publication and that blind our people to the realities of our perilous national situation. Further, we trust that the Government on its own initiative will devise ways and means to help build up the strength of the Chinese press, so that it can effectively and efficiently fulfill its mission jointly with the other potent social forces to help overcome our present national crisis.

Finally, we take cognizance of the fact that the press not only has its national obligations to fulfill as a constructive social, political and cultural force, but also that it has the inescapable mission toward mankind at large to promote a better international understanding and goodwill, to help restore the sanity of human society and to expose, relentlessly and in an impartial manner, all agressive intrigues and rapacious designs which threaten the civilization and peace of the world. Thus we have organized ourselves into this Journalists Association not only to unite with our fellow workers throughout the country but in a larger sense to join hands with the journalists the world over in our common endeavors to safeguard international righteousness and justice and to make secure the foundation of a genuine and lasting world peace."

Details of Formation

The formation of the Chinese Journalists Association of Peiping and Tientsin came as the culmination of many months of efforts which began early in 1935. Another association of a similar nature was organized in Nanking in May last year. It is expected that with the inauguration of the Peiping-Tientsin Association other cities such as Shanghai, Hankow, Canton and Hangchow will soon follow suit and that after these local associations have been definitely organized, a national body which will comprise all these local units and which will therefore represent the interests of the profession of journalism in this country on a truly national scale will emerge.

The distinguishing characteristics of the Peiping-Tientsin and Nanking Chinese Journalists Association as compared with the other existing Chinese journalists organizations in China are: (1) The membership of these two Associations includes all who are engaged in journalistic enterprises irrespective of their rank or status or the the kind of work they perform, thus definitely doing way with the class distinction or group consciousness such as employers versus employees or editors versus reporters. (2) The program of these associations is at once definite and comprehensive, the common objective of which is a truly free, honest and vigorous press. (3) These Associations while local in nature and constituency assume a definite national and even international outlook. (4) While the program of these associations takes into consideration the practical interests of the journalistic' profession, it also seeks to improve journalism through study, research and discussion which gives their program a distinctively accademic turn. In brief, what these Associations are trying to be and to do may be regarded as a sort of experiment in Journalistic Democracy with Freedom, Independence, Equality and Fraternity as its watchwords. The effects of this experiment are bound to be far-reaching upon Chinese journalism in the years to come, and for this reason it bears close watching by all who are genuinely interested in the welfare of this country and mankind at large.

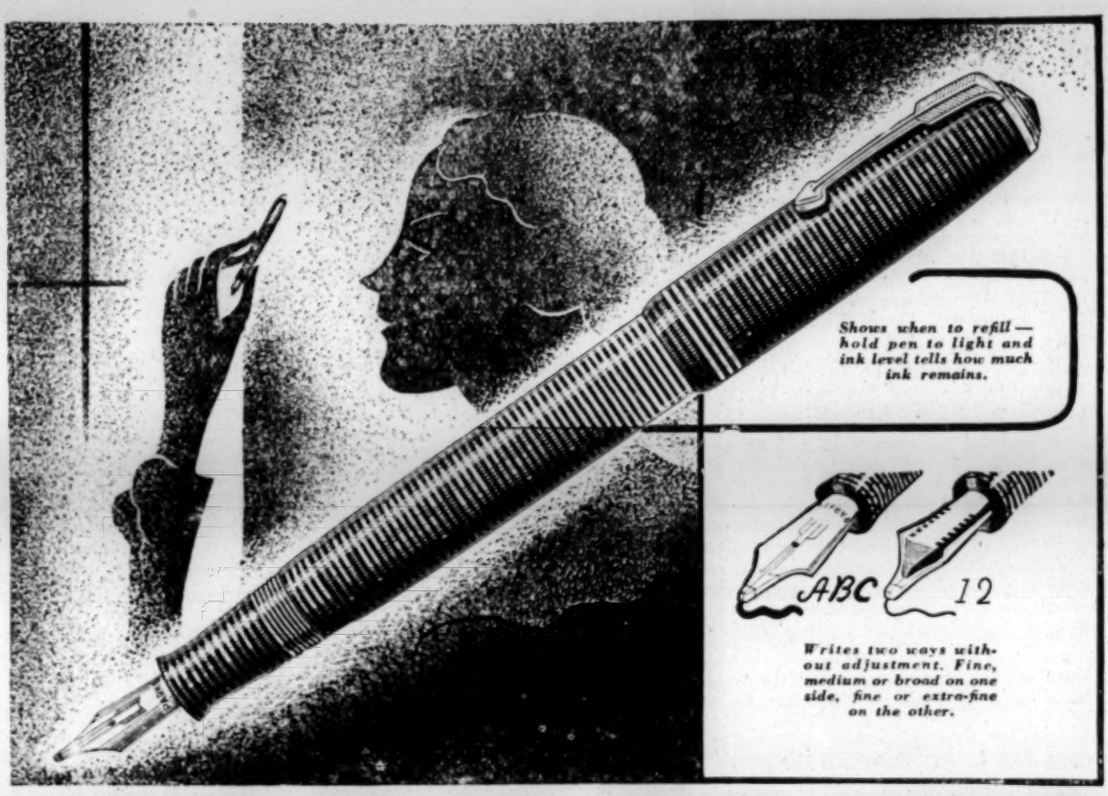
Peiping, January 3, 1936.

Kiangsu Flood Loan Is Reported Signed

A contract governing a loan of $4,400,000 obtained from local Chinese banks by the Kiangsu Provincial Government has been signed, according to a report appearing in the *Sin Wen Pao*. Chinese banks sharing in the loan included the Central Bank, Bank of China and Bank of Communications which each contributed $1,100,000, and the Kiangsu Bank and the Agricultural Bank of Kiangsu, which each contributed $550,000. The loan which will be used in connection with the Hwai River conservancy work in Kiangsu is secured upon the Famine-Relief Bonds of $3,500,000 and the Kiangsu Reconstruction Loan Bonds of $3,000,000. Negotiations in this connection with the local banks concerned were conducted by Chao Ti-hua, Commissioner of Finance of the Kiangsu Provincial Government, who arrived in Shanghai from Chinkiang during the week-end.

Nanking Approves Grant for Academia Sinica National Central Museum

On the recommendation of the Directorate-General of Budgets, Accounts and Statistics, the National Government has approved the petition of the Academia Sinica for the appropriation of a sum of $90,000, from the interest accruing from the Foundation Fund of the Academia Sinica, towards the erection of the National Central Museum building.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Soviet Exports Decrease---Imports Increase

According to data of the Chief Customs Administration the turnover of foreign trade of the Soviet Union for October amounted to 64,617,000 roubles, of which exports constitute 41,208,000 and imports 23,409,000 roubles. The share of industrial products in the export trade constituted 76.2%

The turnover of foreign trade for 10 months of the current year reached 496,779,000 roubles of which exports amounted to 299,112,000 roubles and imports to 197,667,000 roubles. Exports decreased and imports increased as compared with last year.

Populations of Soviet Capitals

A new census compiled last year and made public last week gives the following numbers of inhabitants for the chief Soviet capitals throughout the country: Moscow 3,641,500, Kiev (Soviet Ukraine) 625,000, Minsk (White Russia) 186,000, Tiflis (Georgia) 426,300, Tashkent (Usbekistan) 565,000, Ashabad (Turkmenistan) 85,400.

Expansion of Soviet Civil Aviation Planned

The Moscow Civil Air Forces administration intends to develop considerably mail and passenger air communication throughout the Soviet Union in 1936. New and powerful mail and passenger line from Moscow to Alma-Ata will be opened and also a mail and passenger line from Moscow to Kiev, Odessa and a number of other cities. The total distance of the new mail and passenger lines which will be opened in 1936 will amount to 5,500 kilometers.

"Tass" Denies Foreign Reports of Issue of New Devaluated Currency

Tass News Agency Dec. 29 issued a statement denying foreign reports to the effect that the Soviet Government will shortly enforce measures of monetary reform, including the issuance of a new devavaluated currency.

Great Progress in Electrification of U.S.S.R.

In marking the fifteenth anniversary of the electrification plan for the country, the Moscow press Jan. 6 noted the enormous achievements of the U.S.S.R. in the field of electrification during this period. The Plan provided for the construction of thirty power stations with a total capacity of 1500 thousand kilowatts. Now the capacity of the Soviet Power stations totals 6900 thousand kilowatts. Eleven hydro-electric stations were built and power stations are being built in Chelyabinsk and a number of other cities. Hydro-stations are being built on the Volga, Kama, Svir and other rivers.

"Red" Leader, Formerly in China and India, Arrested in Brazil

The Police in Rio de Janeiro, Jan. 6 placed under arrest a man alleged to be the head of the Communist movement in South America. It is stated that the man, whose name was given as Harry Berger, was at one time engaged in conducting Communist propaganda in China and India. Many incriminating documents and letters are alleged to have been seized.

Frank J. Raven and J. Warner Brown Stand Trial in U. S. Court for China

THE trial was commenced in the U. S. Court for China Jan. 3, before Judge Milton Helmick, on 16 charges of embezzlement, fraudulent conversion, false pretences, and larceny by trickery, of Frank J. Raven, President and director, and John Warner Brown, Vice-President and director of the Oriental Finance Corporation, Fed. Inc., U. S. A. Felthan Watson, U.S. District Attorney, with Dr. George Sellett, special assistant, prosecuted on behalf of the U.S. Government, while Mr. Raven was represented by R. T. Evans (of Tientsin), and Mr. Brown by C. S. Franklin and W. C. Watson.

The charges were brought in conneetion with the accounts of five people, namely, L. C. M. Bassett, E. P. Howard, Gordon Yates, C. P. Jones and Stanley Kirkland.

Dr. Sellett outlined the charges in a long opening address. "These persons," Dr. Sellett said, "thought that they were buying New York stocks through the A.-O.F.C., but in fact the A.-O.F.C. did not buy and pay for the stocks which these persons thought they were buying. All such stocks were at all times hypothecated to E. A. Pierce and Company as security for the indebtedness of the A.-O.F.C. to that company and notwithstanding the fact that these stocks were bought, or supposedly bought, and paid for, through the A.-O.F.C. by customers of the A.-O.F.C. in Shanghai."

Dealing with Mr. Brown's position with the A.-O.F.C., Dr. Sellett said that he had been manager of the American-Oriental Banking Corporation in Tientsin and was brought to Shanghai in 1930 and made Vice-President of the A.-O.F.C. after a preliminary visit to New York to acquaint himself with the stock and share business conducted by E. A. Pierce and Company.

Continuing to describe the alleged methods of business of the A.-O.F.C., Dr. Sellett told the Court that in case of non-cash transactions clients of the A.-O.F.C. paid an average margin of 25 per cent on the shares which they ordered, hypothecating the shares to the A.-O.F.C. as security for the balance. But the A.-O.F.C. never actually bought the shares ordered by clients. What they did was to, in turn, buy on margin from E. A. Pierce and Company and deposit the shares with that company, as security for the balance owing.

"But when the A.-O.F.C. closed its doors on May 24 last year," Dr. Sellett declared, "it was found that the shares (of the persons mentioned in the indictment) reposed in the margin account which the A.-O.F.C. had with E. A. Pierce and Company —and then not all of them. When the A.-O.F.C. closed down Pierce and Company exercised their unquestionable right by selling out all the stocks held on the A.-O.F.C. margin account to satisfy the indebtedness of the A.-O.F.C.

"If, early in May, Mr. Bassett had asked the A.-O.F.C. for the 400 American Telephone and Telegraph shares which he supposed he owned, and if the A.-O.F.C. had answered truthfully, they would have had to tell him that they did not have that many and that they would have to go out and buy them."

Continuing, Dr. Sellett said that the purchasers of shares, Mr. Bassett, Mr. Howard, Mr. Yates and Mr. Jones, had paid for shares of which they never became the owners. In the case of Mr. Bassett a draft had been given the A.-O.F.C. in payment, and it had been cashed by the A.-O.F.C. It was the Government's contention that the owner of the draft should have become the owner of the shares, but he never did.

Where the Clients' Money Went

In the case of Mr. Kirkland, counsel for the prosecution continued, the victim was induced to part with shares actually registered in his name, with actual scrip.

"Kirkland owed the A.-O.F.C. not a dime and the latter offered to do him a gratuitous service by placing his stocks with Pierce and Company in New York to facilitate dealings in them. But what happened? These shares were dumped by the A.-O.F.C. into its margin account with Pierce and Company. The A.-O.F.C. thus got an additional $1,000 for the financing of its own transactions. And when Pierce and Company sold out the A.-O.F.C. margin stocks, Kirkland's went the way of all the rest."

"This is the way the A.-O.F.C. did business. Not in one single instance in which persons fully paid for shares, did the A.-O.F.C. make those persons the owners of such shares."

"The Government would show," he went on, "that the A.-O.F.C. dealt in shares for three full years before opening a 'safe-keeping account' with E. A. Pierce and Company as distinct from the 'margin account.' Before then, everything was dumped into the margin account. And even when the safe-keeping account had been opened, customers had to exert pressure to get their securities deposited there."

"The A.-O.F.C., of course, had a reason. They wanted to utilize other people's money for their own financial operations. That is why everything went into the margin account. It was with the greatest reluctance that any of the shares of customers of the A.-O.F.C. were deposited in that safe-keeping account."

"It was not, however, merely a question of the financial operations of an impersonal corporation. It was a question of the heavy gambling and speculation which the defendants in this case were themselves indulging in New York stocks. The Government will bring evidence to show that Mr. Raven was at one time indebted to the A.-O.F.C. in the sum of approximately $200,000 in connection with share transactions, while the indebtedness of Mr. Brown rose as high as $60,000. Mr. Brown had, however, found it necessary to show that he was not playing fast and loose with the monies of the A.-O.F.C. It was a simple matter of a book entry. He switched the indebtedness to his wife's name, so that Mrs. Brown and not Mr. Brown appeared as the debtor.

"Mr. Raven had a different device. He made convenient use of the Raven Trust Company. He did not deal in any securities in his own name, but through an account with the Raven Trust Company."

Raven Trust Company Controlled by Raven

"The evidence will show," Dr. Sellett declared, "that the Raven Trust Company was controlled by Raven, that practically all of the voting stock was owned by Raven. The American-Oriental Finance Corporation voting stock was practically all owned by the Raven Trust Company, and the American-Oriental Bank and Asia Realty Company voting stock belonged to the Finance Corporation. The evidence will show that these companies in reality were Frank Jay Raven—that Mr. Raven was the dominant figure overshadowing them all.

"We do not find his name very often on documents that might incriminate him. His signature, in fact, is conspicuous by its absence. Mr. Brown carried out his orders—carried them out faithfully, but Mr. Brown's story is another case. We will show by at least four important pieces of direct evidence that Raven knew from the very beginning that so-called fully-paid-up shares were being made use of to finance the company's business—that when the Finance Company got possession of shares and scrip that he knew that the common routine procedure was to take it and pledge it to E.A. Pierce and Company. "In one case, a man with whom they were trying to do business was persuaded to turn over U.S. $76,000 worth of shares and then they took those shares and dumped them into this margin business. Only through someone on the outside interceding did they take them out and put them into a safe-keeping account. Their position was so bad that they had to do this little by little—they could not finance it all at one time because they would need three-quarters of this amount in cash.

No Question of Mistakes

"There can be no question of mistakes, of slips and errors. It was on more than one occasion that fully paid securities were being held in this way. No one knew better than he (Mr. Raven) what the requirements were for financing the three companies. The companies were all linked together. There was no distinction. If one company had money they transferred it to the others. If a gift of Tls. 135,000 each from three companies to one company which was going into the red would cause the public not to lose confidence, it was done. This was the case in April and May, 1935, when they took shares and securities and disposed of them in an effort to save the bank—a fruitless endeavor. The actual control was not by a board of directors but by a so-called executive council which sat when the board was not in session. Mr. Raven had guilty knowledge of these things at all times."

San Francisco Man Gives Evidence

The taking of testimony started Jan. 6. Formal evidence of the incorporation of the A. O. F. C. and the Raven Trust was given by Miss Viola Smith, China Trade Act Registrar.

At the sitting on Jan. 7 evidence was given by Carleton Coleman Curtis, of E. A. Pierece & Co., San Francisco office. He described the circumstances of the opening of the account by Mr. Raven in San Francisco. Witness stated that the cables received from the A. O. F. C. did not disclose the names of any clients; the business was entirely with the corporation and not with any clients of theirs.

Major Edward P. Howard, local representative of the Douglas Aircraft Company, testified that in July, 1934, he had given the American-Oriental Finance Corporation a draft for U.S.$507.60 to purchase 30 shares of Douglas Aircraft Stock, but had never received the shares, nor had the draft ever been returned, nor had he received the proceeds from it.

Mr. Franklin came into court Jan. 7 on two crutches in consequence of a fall from a horse Sunday.

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Helen Priscilla Stam, the "Miracle Baby," Thrives in Care of Grandparents

LITTLE Helen Priscilla Stam, nicknamed the "miracle baby" due to her miraculous escape from Chinese red-bandits in Anhwei province a little over a year ago, continues to thrive in the care of her grandparents, the Rev. and Mrs Charles E. Scott of the American Presbyterian mission, in Tsinan, Shantung Province. Rev. Scott is a member of the faculty of Shantung Christian University, leading mission institution in eastern China.

The parents of Helen Priscilla, the Rev. and Mrs. John Stam were, stationed in the town of Tsingteh, situated 130 miles south of the Yangtsze river in Anhwei province. Rev. Stam, son of Rev. and Mrs. Peter Stam of the Star of Hope Mission of Paterson, N. J., was a recent graduate of Princeton University. His wife Betty was a daughter of the Rev. and Mrs. Charles E. Scott, missionaries of Tsinanfu. Communist bandits, driven out of Kiangsi province by Gen. Chiang Kai-shek's troops, raided into the neighboring province of Anhwei and on Dec. 6, 1934 captured Rev. and Mrs. Stam and their then three months old baby daughter. On Dec. 8 when the bandits had reached the town of Miaosheo they announced to the villagers they were going to execute the "foreign devils" on the nearby mountain, called Eagle Hill. After the crowd had gathered one of the Red leaders, a young commander in the Red army, took his sword and slashed John Stam's throat. As he fell, another bandit, using a heavy sword, decapitated Mrs. Stam.

On the night previously the two captives and their infant daughter were confined in a vacant Chinese residence which the bandits had thoroughly looted. Rev. Stam was tied to a bed while the wife was left free to look after the baby. When the bandits arrived the next morning to take them out to the execution ground, Mrs. Stam hastily concealed the baby under some rags on the bed, hoping it would be found and rescued.

The following day when the frightened villagers ventured back into the town they heard rumors of the baby and ultimately found it, Mrs. Stam having pinned two $5 notes inside its sleeping bag with a message in the Chinese language asking the finder to care for the child. Among the Chinese refugees returning to the village from a hiding place on a nearby mountain was a Chinese Christian pastor named Rev. Lo. He was accompanied by his wife and a sick four-year old son. Putting little Helen Priscilla in one basket and his son in another, the Chinese preacher suspended the baskets from a carrying pole over his shoulder and carried them the entire distance to the town of Wuhu on the Yangtsze above Nanking. The bodies of Helen Priscilla's parents were also carried, in heavy Chinese style coffins, the same distance to the little river port of Wuhu where they were buried in the foreign cemetery on the banks of the Yangtsze.

The accompanying picture shows little Helen Priscilla with her Chinese nurse, Chou da-sao, at Tsinan. She is now sixteen months old and is beginning to talk. Her grandfather, Rev. Scott, stated that little Helen has developed a worldwide correspondence, her latest letter having been received from the daughter of an American missionary in the Belgian Congo and a short time previously another letter was received from a little girl in Peru, also the daughter of a missionary.

Helen Priscilla Stam, the "Miracle Baby" Who Escaped When Her Parents Were Murdered by Bandits in Anhwei Over a Year Ago.

High Italian Official Visits Japan on Secret Errand

SIGNOR Leone Weillschott, until recently Minister to Esthonia and before that councillor of the Italian Embassy in Tokyo, arrived back in Japan this week on what is believed to be a highly important mission. The Italian official traveled incognito, but it is understood that he has been entrusted by his Government to arrange with the Manchukuo government for the reopening of the Italian consular establishments there. These were closed soon after the outbreak of hostilities in the fall of 1931. He will probably be appointed first Italian Consul-General in Mukden.

Tokyo observers commented on the fact that Signor Weilschott was visiting Japan and Manchukuo, two nations not participating in the economic sanctions being imposed upon Italy by member states of the League of Nations, at a time when the effects of various embargoes on raw products were reported to be beginning to be felt in Italy and speculated as to whether or not the diplomat had a two-fold mission.

It is reported that the Lloyd Triestino will extend its Far Eastern service to Japan beginning this month.

Premier Okada in Addressing Diet Will Say That Japan Will Promote Peace in the Far East

Assertion that the Japanese Government's policy of "contributing to universal peace by maintaining and promoting peace in the Far East" remains unchanged, will form one of the main points in Premier Keisuke Okada's address before the Diet on Jan. 21, *Domei* messages from Tokyo Jan. 5 stated. The Premier will note that the relations between Japan and Manchukuo are steadily growing closer, while the latter is making "rapid progress in perfecting various state institutions."

Premier Okada will give assurances that the Government is "making every effort" to contribute to the clarification of national policy. Political observers expect heated attacks in this connection by the Seiyukai members of the Lower Chamber, who declare themselves dissatisfied with the Government's "vacillating" policy.

Assurances that the Government will seek "to return politics to constitutional channels" are also expected to be given by Premier Okada. The Diet will resume its sessions on January 21, after the year-end vacation.

Takahashi Supports Constitutional Government

A plea for a constitutional form of Government was put forward and an attack on Fascism, an "abnormal political regime, harboring danger," was made by Mr. Takahashi, Finance Minister, in an hour's address before the members of the newly-formed Showa political club in Tokyo, Dec. 8.

Japanese "Disarmament" Policy Supported

The Tokyo *Asahi* Jan. 5 devoted a full page of statements of prominent commercial and political leaders regarding the nation's disarmament policy. The statements united in support of Japan's policy of non-force and non-aggression, to which Prince Konoye, President of the House of Peers added: "In the event that other powers accept Japan's principle, all apprehension of a conflict between Japan and the United States would disappear forever."

Tax Increase Certain in Japan Despite Opposition of Finance Minister

The *Yomiuri* says that in spite of the opposition of Mr. Takahashi, the Finance Minister, it is practically certain that an increase of taxes in Japan is inevitable in the near future. In fact, there was a fair agreement of views between the members of the special committee of the National Policy Council and the permanent officials of the Finance Department, when they met the other day, that there must be an increase in taxes in the fiscal year 1937-1938. This view is also shared by the military authorities and the officials of the Enquiry Bureau. The question yet to be settled is the method of increase and the exact taxes to be increased.

Tokyo Cool to Report of Anglo-Japanese Pact on China

Japanese Foreign Office circles are displaying marked coolness towards press reports from London that Anthony Eden, British Foreign Secretary, would propose an Anglo-Japanese agreement on China in an effort to revive the moribund Naval Disarmament Conference. It is understood that during their interview, they discussed the Far Eastern situation, in which Mr. Eden is greatly interested, at considerable length.

Japan to Negotiate for New Trade Treaty with Brazil

Negotiations for the conclusion of a new commercial treaty between Japan and Brazil will be begun this month, the Tokyo Foreign Office announced Jan. 6.

Japanese Cut Egyptian Raw Cotton Imports by Half

There has been a marked drop in the import of Egyptian raw cotton into Japan due partly to the rise in its prices and partly to the restrictive measures taken against Japanese goods in Egypt.

Japan to Have More Trade Envoys

In a determined bid for a larger share of foreign markets, the Foreign Office will dispatch this year commercial commissioners to a large number of trade centers abroad, including Buenos Aires, Panama, and Davao in the Philippines, officials of the Gaimusho's Commercial Affairs Bureau revealed this week. An appropriation of Yen 300,000 for the purpose has been included in the 1936-37 budget, which will come before the Diet at the end of this month.

Japan Opens Addis Ababa Legation

Japanese Legations were officially opened at Addis Ababa and Cairo on January 1, the Foreign office in Tokyo announced Jan. 5.

Japanese Company to Start Prospecting Again in Borneo and Netherlands Indies

Decision was reached by the Nippon Sekiyu Kaisha (Japan Petroleum Company) and the Mitsui Bussan Kaisha last week to resume immediately oil prospecting in Borneo and the Netherlands Indies. Some years ago, the two firms made a joint investment of Yen 3,500,000 for the exploitation of the oil fields in question, boring in some cases to a depth of 1,300 metres, without any strikes. For the past year or two, therefore, work has been practically suspended. However, according to extensive investigations recently conducted by Mr. Naritomi and other engineers of the Nippon Sekiyu Kaisha, the fields are not without hope. It is stated that they have secured the approval of the Department of Overseas Affairs to the new scheme.

Silk Crash Echo—Million Yen Bribe Revelation During Tax Probe

That bribes totalling Yen 1,200,000 were sent by Manzo Oda, president of the Asahi Silk Company, to two certain high Government officials in 1932—officials of the Inukai Cabinet—in connection with the purchase of 100,000 bales of raw silk commonly known as "indemnified silk stock" was brought to light by the Kyoto Police in the course of the examination of Zenhichi Hori who was formally committed for trial on blackmail charges Dec. 27. Because of the prescription rule, however, the Procurators' Office can take no action against Mr. Oda or the former officials alleged to have taken the bribes. Mr. Oda is charged with tax evasion alone.

According to the story as told by the *Asahi*, in order to make an enormous profit out of the stock, Mr. Oda, in collusion with Mr. Nishibashi, managing director of his Company, who is also under arrest in connection with the tax scandal, approached an influential leader of the Seiyukai in 1932. Through the instrumentality of this man, Mr. Oda gave Yen 1,200,000 to the two high officials. As a result he succeeded in buying the entire stock, and deposited Yen 2,000,000 with the Government as desposit money.

No sooner, however, was the signing of the contract reported, than the market was thrown into chaos. In order to avoid a loss through the subsequent slump in prices, Mr. Oda cancelled the contract. Through the services of the bribed officials, however, he succeeded in recovering the deposit money. It is stated that Mr. Oda gave a large sum of money to them as a mark of his appreciation.

Piracy and Murder Off Kyushu Is Charged Against Three Japanese

Murder and piracy in the coastal waters of Kyushu were revealed following the arrival at Hakata, a port near Fukoka, of the small motor vessel *Ganzan Maru*. Arrested and held by the Fukuoka police was Usamatsu Hidaka, 35, posing as the Ganzan's skipper, who allegedly confessed; and being sought as his accomplices were Monta Ouchi and Kansuke Wakabayashi. Victims of the affair were Tomekichi Yada, skipper of the craft, and his wife. The chief engineer and his assistant were missing, reportedly having leaped overboard to escape death at the hands of the three pirates. The bodies of Mr. and Mrs. Yada were cast into the sea, and Hidaka declared himself captain of the ship. He steered for Murotsu, a small port in Yamaguchi Prefecture, and from there sent a telegram to a relative of Mr. Yada, asking in the dead captain's name for Yen 150 with which to repair the ship. The money came, was claimed at the Murotsu post-office and was divided among the three men.

Japan to Have Seven New Aerial Wireless Stations

Plans for the erection of seven wireless stations for communicating with aircraft aloft were revealed Jan. 6 by the Ministry of Communications in Tokyo. The stations will be completed in two years, at the cost of Yen 2,500,000. They will be located along the Tokyo-Sapporo; Japan-North Korea; and the Osaka-Kochi aerial routes. The stations will have broadcasting facilities and radio beacons. Similar stations at Nawa and Kagoshima Prefectures will be completed by next March, while those in Fukuoka and Hachijyojima Island, in Tokyo Prefecture, will be opened in March of 1937.

Japan Exports of Cotton Textiles Show Increase

Japan's exports of cotton textiles from the beginning of 1935 to Dec. 25 totalled 2,688,646,000 sq. yards, representing an increase of 4.5 per cent over the corresponding period of 1934, according to the Nippon Cotton Textiles Industrial Federation. Because of the lower prevailing prices, the value of the exports, however, showed a drop of 0.4 per cent, totalling Yen 489,969,000.

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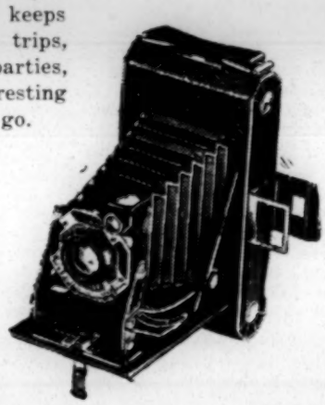

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Japanese Will Insist on Acceptance of "Three-Point" Program

Commenting on reports from Tokyo that a joint committee will shortly be organized for the readjustment of Sino-Japanese relations, official circles in Nanking Jan. 5 stated (according to *Reuter*) that though the two governments are agreed on the necessity of readjusting their relations, no definite decision has yet been reached concerning how the desired readjustment is to be achieved.

The Chinese authorities, it is reported, are anxious to remove the utter confusion and irregularities that have characterized Sino-Japanese relations since the Mukden incident of 1932. The many and various questions that have arisen during the past four years have, it is admitted, been dealt with in a make-shift manner which met only pressing matters of the moment. This lack of adequate consideration for a fundamental settlement is regarded as having culminated in a state of affairs detrimental to the welfare of both China and Japan.

Gaimusho Insists That "Concrete" Proposals Be Discussed

Insistence on the submission of a list of concrete proposals to be discussed at the conference for the readjustment of Sino-Japanese relations, proposed by the Nanking Government on Dec. 27, forms the crux of the tentative plan of action prepared by Gaimusho officials, *Domei* learned Jan. 5 from authoritative sources. The plan will not be adopted until after its approval by the Japanese in Tokyo Ministries of War, Navy and Finance. The Tokyo Foreign Office will also insist that the "three-point program" of Koki Hirota, Foreign Minister, be accepted by the Chinese Government before the inauguration of the negotiations.

Gaimusho officials note "with regret" that the current situation in China does not warrant optimism as to the success of the proposed conference, largely because of the "undercurrent of anti-Japanese activity" and the "continuation of the Nanking Government's policy of checking Japan by pitting her against other powers."

The Tokyo Government, Gaimusho officials said, still remains unconvinced as to the efficacy of steps taken by China towards co-operation with Japan, and believes that the Nanking Government must act to make the general atmosphere more conducive to successful negotiations.

Gaimusho circles, noting that Gen. Chang Chun, China's new Foreign Minister, stressed the necessity of abrogating the so-called "unequal treaties," expressed the belief that the Nanking Government intended to bring up the issue at the proposed conversations. This, they pointed out, formed another reason why the Foreign Ministry should inform the Gaimusho of the questions it wants to discuss at the conference.

Judge Attempts Suicide—Sequel to Trial of "Juno's" Captain for Espionage

There has been a sensational sequel to the trial last summer of the captain of the Netherlands' steamer *Juno* for alleged espionage. Koji Uyeda, former judge for the Takao District Court, who was chief judge at the captain's trial, is now in hospital following an attempt to commit suicide. He thrust a sword into his stomach, but since none of the vital organs has been injured, the doctors hold out hope of complete recovery. Mr. Uyeda was recently appointed judge of the Taihoku Court of Appeal, and his attempt at suicide took place just before he was due to leave for his new post. Representations were made to Tokyo by certain quarters against what was regarded as the lenient nature of the Court's judgment.

How Japanese Papers Anticipate Verdicts

(*From the Japan Chronicle, Kobe*)

Our readers are, of course, aware of the license taken by the press in Japan in dealing with criminal cases. A particularly rich specimen was in print yesterday, for not only did the papers assume guilt, but they ventured to anticipate the sentence. Toshio Futami, arrested "anarchist" on Friday celebrated his birthday in a Tokyo police cell. He was given *sekihan* and *tai*, eaten only on auspicious occasions, as the papers remind us. Then it is added, grimly, "no doubt this will be Mr. Futami's last birthday." If that isn't anticipating trial and verdict it is at best a nasty comment on longevity in jail.

Manchester "Egyptian" Mills Sustain Big Loss

A loss of £111,128 is reported Manchester by Combined Egyptian Mills for the year ended September last. The debit balance of £1,089,491 brought in is thus raised to £1,207,619. A year ago there was a profit of £39,084, compared with a loss of £159,752 in the previous year. The directors state that only 67 per cent of the spindles have been employed during the year.

New Sian in the Making

BY HUBERT T. M. SOONG (宋子明)

CHANGAN (now Sian), as we know, is a place of historical value as well as of cultural significance—because, during the former imperial dynasties, it was used as a capital for more than one thousand years and was considered then to be the most prosperous and important city in the country. But after having ceased to be the capital, it lost its past glories and interest—until the present day. Before 1934, Sian was still a shabby and ramshackle city. Some of the palaces, temples and archways were tottering; the city gates still held their heads up, but some of them looked rather fatigued. Tall weeds had overgrown most of the palaces; and the Drum and Bell Towers were unsafe for visitors. Besides, it had no paved streets, no efficient sewage system, no communication facilites within the city, and no method of combatting the dust. In short, everything that constitutes the necessities of a modern city is lacking. In view of this, it is gratifying to note that Sian now is just emerging from its backward condition and is going to be a big, prosperous, commercial metropolis in the northwest. Within these two years, large numbers of people from South and Central China have come into the city and more and more modern Chinese banks have established branches in Sian. During the last two years, the number of shops in this city alone is reported to have increased from 1,000 to about 5,000. During General Feng Yu-hsiang's regime around 1927-1928, the best lot in the city of Sian was officially rated at $50 per mow. Today it has gone up to about $1,800 per mow. The increase in land values may be taken as a measure, in figures, of increased advantages from improved conditions brought about by the reconstruction of the city. In truth, delight is inevitable when reading of the gigantic project for a new Sian and the remarkable progress already achieved. The following is but a brief description of major works which are either completed on under construction.

A Civic Record to Be Proud of

Electric Light Works:—This electric plant was established outside the city near Chung Cheng-men at a cast of $280,000. Construction work was started in May, 1935, and it is learned, according to S. K. Hsu, engineer-in-chief of the plant, that this company will open for operation in Feb. 1936. This Sian Power Plant is equipped with generators having 200 horsepower and serves 30,000 consumers.

Road Building:—One of the primary responsibilities of any city that expects to grow to prosperity is to make adequate provisions for better circulation. A net-work of main arteries is carefully laid out, providing for the relief of overloaded routes and a free movement of traffic between the various centres, so that the business of the city may be carried on without handicap of inadequate means of communication. Moreover, the width of the streets is especially increased. There are four principal roads in the city; namely, Tung Ta Chieh, Shih Ta Chieh, Nan Ta Chieh and Pei Ta Chieh. All these roads are now rebuilt and paved, and some of the minor roads are also under construction, the cross-axes of the thoroughfares; that is, the intersection place is marked by a lofty Bell Tower, which can be seen from all directions and from which a complete view of the city may be obtained.

Public Buses:—Buses under the management of the Shensi Bus Control Bureau are at present twelve in number and are used exclusively in the city. They started operation in December, 1935. Line No. 1 is between the West Gate and East Gate; line No. 2 is between Nan Yuan Men and Chung Cheng Gate, while line No. 3 will open for operation between the South and North Gates at the end of December 1935, when the road construction of Pei Ta Chieh is accomplished. Again, the Shensi Bus Control Bureau is planning to have additional lines around the city, when the road construction outside the city has been completed.

Drainage System:—Another public works problem closely allied to street building is the new drainage system and sewage disposal plan. It is said that before 1934 Sian had no good system of sewage tunnels and some of the tunnels had become congested. As a result, rainwater has constantly flooded the city streets during the past summers. After having realized its importance, the City Planning Commission of Sian has therefore drawn up a plan for rebuilding the collapsed tunnels and excavating the entire network by using a large number of men. These new drainage and sewage system, when completed, will greatly benefit the city.

Airdrome:—When a new air-mail route was established in May, 1934, between Sian, Lanchow, and Ninghsia, it became necessary to build an airdrome, which has been futher enlarged and improved recently. It was located outside the West Gate of the city, covering an area of about 750 mow.

Broadcasting Station:—Plans have already been made to establish a broadcasting station in the city. When it is completed, daily broadcasts will be sent out by the city government.

The Gate Towers:—The roofs of the gate towers were sagging, and the stairways leading to the lookouts had either collapsed or been declared unsafe. In such a dilapidated condition, repair work was necessary to restore them to their original strength and beauty. City engineers after studying methods for reinforcing the rafters, began work upon the towers simultaneously.

The Hall of Classic Tablets:—In the Southern part of the city is a court-yard of ruined galleries. In these galleries there are hundreds of stone tablets on which are written the complete texts of the Thirteen Classics and other elegies, odes, and essays by the famous calligraphers of olden days; hence the name, Hall of Classic Tablets. But due to the lack of repair work, the roofs of the galleries which house the classic stones have in several places collapsed, and must be torn down before repair work can commence. Now, a small crew of men has begun work in order to make plans for the restoration, and it is learned that the necessary repairs will begin in the coming spring.

Tan Feng Park:—"No city will be greatly populous or truly great without proper provision for recreation and the aesthetic. Pleasure grounds and places of amusement are as much of a necessity to the health and happiness of a people as pavements and sewers." Many socalled modern cities lack parks and open spaces because to acquire land means great expense to provide for such areas. Fortunately besides the Ko Ming Park (meaning Revolution Park) and Kien Kuo Park (meaning National Reconstruction Park), which are already in existence and maintained in good condition, the City Planning Committee has again acquired land for this purpose. It is situated at Tan Feng Men. Construction work has already taken place and it is to be expected that next spring it will be opened for visitors.

The Hall of Chemical Examination:—As the northwest is rich in mineral resources, the Shensi authorities are therefore fully aware of the fact that in order to develop the natural resources first of all they must examine the different kind of ores so as to know their real qualities and quantities. For this purpose plans for building a hall of chemical examination have been carefully mapped out and the construction work is expected to be completed within a few months, according to newspaper reports. Now, hundreds of laborers are at work daily. It is a three-storied building, consisting of 67 departments. When completed, it will be one of the largest buildings in the city.

Popular Education Hall:—The halls are conducted in the interest of the common people. The first Shensi Provincial Popular Education Hall established by the provincial government is the most efficiently conducted and yields the best results. It covers a large piece of ground and contains different departments. Within its compass, we have a periodical room, newspaper room, reading room, exhibition room, popular lecture hall, artificial hills and a little Zoological garden. So hundreds of visitors are flocking there daily.

Public Athletic Fields:—There are quite a few play grounds in Shensi, but the largest one is the First Shensi Provincial Athletic Field in Sian. While the Stadium is built for popular use, it is a the same time designed for holding athletic meets. Therefore any one who happens to pass by the field will not fail to see that numbers of students, soldiers, and common people are playing there:

The first Shensi Provincial Public Library:—This library is best equipped among the public libraries in the northwest. The site of the library is near Nau Yuan Men, Sian. It consists of a newspaper room, periodical reading room, reading room, and many exhibition rooms. The reading room is two-storied, while all the others are one-storied. In the exhibition rooms, there is displayed a large collection of antiques and relics dug out in the province which are of great historical as well as cultural value. The director of the library is now making plans to rearrange the different rooms in order to accommodate more readers.

Public Health:—Trachoma, typhus, skin and veneral diseases are quite widespread in this part of the country. Between 100,000 to 200,000 people were carried off by a bubonic plague in 1931. In 1933 over 210,000 head of domestic animals were swept away by one kind of disease or another in Kansu Province, according to a report of the National Economic Council. This or other losses incurred by the farmers were estimated to be around $20,000,000. However, last year the National Economic Council initiated a carefully-worked-out program. Health centers are being established in Sian and it is planned to open branches in various rural areas. Measures to prevent communicable diseases are also being carried out on an extensive scale, and systematic attacks are being organized against the animal disease so commonly found in the northwest. The result achieved is remarkable and the death rate of the people has been greatly reduced according to H. T. Yang, director of the Sian Anti-disease Bureau.

Anti-opium Halls in Sian:—In 1933, the provincial government established an anti-opium hall in Sian, solely and exclusively for the treatment of the poor people who have contracted the habit of opium-smoking. Following this, in 1934 the Hall also established two branch halls for the same purpose in Hwahsien and Fenghsiang respectively. However, due to the

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep. Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,, Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,, Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,, Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr. Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep. ,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	..50	
10.38		12.47		18.03	Stop	1.10	14.47	,, Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,, Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52		14.42		20.11		3.32	16.39	,, Tang-shan - -	,,		4.15	10.30	12.50	16.37	2.58		
13.39	FOR SHANGHAI	15.17	FOR PUKOW	20.47		4.20	17.14	,, Ku-yeh - - -	,,	FROM SHANGHAI	3.30	9.44	12.18	16.05	2.16	FROM PUKOW	
14.29		15.49		21.21		5.12	17.46	,, Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,, Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,, Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,, Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr. Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep. ,,	arr.						21.26		
		16.25						arr. Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934. BY ORDER.

people's awakening to the opium evil, the halls established are always overcrowded, and indications are that they are not sufficient to accommodate more opium addicts who are voluntarily determing to get rid of this demoralizing habit. So, the two additional halls under discussion were established in this city in 1935. Now, I am reliably informed that thousands of people have attended the halls for medical treatment in order to eradicate their long-standing habit of opium-smoking. Again, the provincial government has issued an order, saying that every opium addict must be registered and the registration must be completed before January, 1936. During 1936, opium may be sold only to registered addicts holding a special license. Therefore it is to be expected that the opium shops and dens will be gradually suppressed. In addition, the provincial government has strictly ordered the opium addicts among the Shensi officials and public officers to enter their registration and three month's limit will be given them to eradicate their smoking habit. Should they fail in this respect, they will be immediately dismissed and fined in accordance with the anti-opium laws promulgated by the provincial government. Up to the time of writing, it is reported that most of the "official addicts" have been either compelled or have voluntarily entered their registration. By so doing, I am sure that the Shensi officials and public officers will be more attentive, dutiful, and strenuous. The fate of future Shensi will be much brighter than it is now.

From the above, I am happy to say that if the present plans are consistently carried out, there is bound to grow out of the defunct capital a new city. It will in all likelihood retain the glories of the past and at the same time become a prosperous metropolis in the northwest.

Sianfu, Jan. 4, 1936.

Shanghai Mint Starts Coining of Subsidiary — Token Coins

The Central Government Mint at Shanghai this week began the minting of subsidiary copper and nickel coins of 50-cent, 20-cent, 15-cent, two-cent and one-cent denominations. The date of putting the new currency into force has not yet been decided, as one of the obstacles in the path is the conservatism of the great mass of Chinese who are accustomed to the old-fashioned copper coins. It is contemplated that the new one-cent coin shall be exchangeable for three of the old copper coins.

Another Invasion of Manchukuo by Soviet Troops?

Another crossing of the trouble-ridden Manchukuo-Soviet border by Soviet troops was reported Jan. 7 by the *Kokutsu* News Agency. Six Soviet soldiers, allegedly crossed the border at about 5:30 in the afternoon of Dec. 28 at a point about two kilometers north of Yangmulintzu, east of Lake Hanka, and abducted 26 Manchukuo farmers and seized six horses.

Old C.E.R. Zone Is Dissolved

A decree declaring the abolition of the special administration in the North Manchuria Railway Zone as from January was issued Dec. 28 by the Manchukuo Government. The new decree stipulates that except the districts of Manchuli and Hailar, the whole special administrative zone in North Manchuria is being incorporated with adjoining units of district administration. With the new decree going into force, special administrative offices are being established at Manchuli and Hailar to control the administration of the Railway zones in the two districts, it was further announced.

S.M.R. Bonds to Be Floated This Month

South Manchuria Railway Company's debentures, totalling Yen 30,000,000, will be placed on the market in the middle of this month by the Industrial Bank of Japan, representing a banking syndicate. The bonds will bear a 4.3 per cent interest and mature in 13 years.

New Railway Lines Formally Opened on New Year's Day

The Huainan Railway (in Honan) and the Nanchang-Yushan section (in Kiangsi) of the Chekiang-Kiangsi Railway were formally opened to traffic on New Year's Day. Construction of the Nanchang-Pingsiang section of the Chekiang-Kiangsi Railway was started by the Chekiang-Kiangsi Railway Company on the same day.

Laying of the rails of the Sian-Sienyang extension of the Lung-Hai Railway—17 miles in length—has also been completed and the section was formally opened on New Year's Day.

President Roosevelt Asks One Billion Dollars for National Defense

President Roosevelt declared in his Budget speech before both Houses of Congress Jan. 6 that the policies adopted by the Administration in 1933 had been carried out according to plan. When he entered office taxes were high but receipts were low, on account of the low level of national income, Mr. Roosevelt asserted, and millions of Americans were starving. The Administration inaugurated a program designed to guarantee bank deposits, prevent foreclosures of mortgages, encourage construction, increase the national income, reduce interest rates, increase foreign and domestic trade, reduce unsound speculation, raise wages, and increase commodity values. The President asked Congress to appropriate $995,007,704 for national defense in order to meet threats of a world menaced by war.

U. S. Supreme Court Declares A. A. A. Unconstitutional

In one of the most important decisions in the history of the nation's jurisprudence, the United States Supreme Court Jan. 6. outlawed the Congressional enactment on which the New Deal's entire farm program is based—the original and amended Agricultural Adjustment Act. The Court ruled that the A. A. A. was an unconstitutional attempt to control production of agricultural commodities.

Outlawing of the A.A.A. has completely upset the President's estimated revenue of $547,000,000 from the processing taxes. Prices of flour and cotton goods have dropped 20 percent as the result of the decision.

Italians Buy Oil Tankers in the United States

An Italian group from Genoa contracted Jan. 4 for the purchase of a 2,550-ton American tanker. They are also negotiating for the purchase of three smaller tankers. It is understood that the intention is to recondition the vessels, which will be sent to Italy with cargoes of oil, after which it is reported that the vessels will be scrapped and the steel used for war materials.

U.S. Budget Deficit of $1,880,000,000 Shown on December 31

Statistics published Jan. 3 show that the deficit for the full fiscal year, ending June 30, will exceed President Roosevelt's estimate if the present rate is continued. The Treasury closed the first half of the fiscal year with a deficit, on Dec. 31, of U.S.$1,880,000,000. This compares with President Roosevelt's estimate of U.S.$3,282,000,000 for the full fiscal year.

If the present rate is continued, the deficit will amount to U.S.$3,760,000,000. Receipts since July 1, 1935, amount to U.S.$1,902,000,000 and expenditure since that date has totalled U.S.$3,782,000,000, including U.S.$1,675,000,000 in emergency expenditures.

36,500,000 Autos in the World—26,000,000 in the U.S.

The Automobile Manufacturers' Association at the end of 1935 issued the preliminary figures for automobiles produced in the United States and Canada in 1935 at 4,150,000 of which passenger cars totalled 3,400,000 and trucks 750,000. The total number of motor vehicles registered in the United States amounted to 26,000,000 of which cars were 22,450,000 and trucks were 3,550,000, while the total world registration reached 36,500,000.

More Employed in United States

Willian Green, President of the American Federation of Labor, Jan. 4 estimated that the number of unemployed persons in the United States at 11,672,000. He declared that although business has recovered half of its depression losses, only 30 per cent of the nation's jobless have been re-employed.

Minneapolis Newspaper Owner Assassinated Because of Attacks on Gangsterism

Walter Liggett, a Minneapolis newspaper owner, paid with his life last month for an attempt to break the alleged ties between Minneapolis officials and the city's under-world. As he stepped from the motor-car in which he was returning from town with his wife and their ten-year-old daughter he was shot from another car and instantly killed.

Japanese Residents in Peiping Petition for Protection

High Japanese Army officers were petitioned by the Peiping branch of the Japanese Ex-Servicemen's Association this week to instruct Nipponese forces in China to take "adequate measures to protect the Honor of the Army and the prestige of the nation."

Passenger Fares Reduced on Tsinpu Railway

Passenger fares in all classes on the Tsinpu Railway were reduced as from January 1. The basis is third-class, which was reduced from 1.7 cents per kilometer to 1.5 cents. The present fare third-class from Shanghai to Tientsin is $15.20; second class $30.40; first-class, $45.60.

Japan Develops Flying Bombs, Aviator Pangborn Says

Clyde E. Pangborn, American aviator who, with Hugh Herndon Jr., made the only non-stop trans-Pacific flight from Japan to the United States, "definitely knows" that Japan has developed flying bombs capable of zooming across the Pacific and destroying American cities, he testified last month before the Congressional Committee on Patents in New York City. Each missile, he said he had been told by reliable informants, is controlled by a man inside of it, and "thousands of Japanese have volunteered for the honor of dying as pilots of these destructive weapons."

New Eurasia Plane Takes First Trip to Interior

Officials of the Eurasia Aviation Corporation in Shanghai this week stated that trial flights on the Nanking-Yunnanfu route would be undertaken the latter part of this month. The new Junkers plane which arrived here from Berlin on Dec. 30 last took off from the Lunghwa Airdrome on its first trip to the interior, Jan. 7. The plane is to be used on the Shanghai-Chengtu and the Sian-Lanchow runs.

H. M. Bixby Returns from South China—Investigated Base for Pacific Airmail

H. M. Bixby, a vice-president of Pan-American Airways and a director of the China National Aviation Corporation, has returned from a several months' stay in South China and the Philippines where he conferred with officials regarding the base in China for the recently-opened Pacific airmail airline.

U.S. Army Desires More Airdromes

The United States War Departmeut announced Dec. 28 that the recent maneuvers over Florida, in which 50 planes participated, demonstrated a lack of sufficient strategically located military airdromes in the United States to permit a large force of airplanes to defend the coasts, says an *International News* Service dispatch from Washington to the Tokyo *Yomiuri*. "The maneuvers demonstrated," according to the War Department's announcement, "that, barring adverse flying weather, the entire General Headquarters Air Force can be concentrated in any part of the United States within 24 hours if two main conditions are fulfilled:

"1.—Proper advance preparations of ground facilities.

"2.—Reconstruction of the entire supplies, equipment and ground personnel of the air service.

"While the air force is the most mobile and effective of the new engines of war, its service, care and supply increase greatly as the size its augmented. Tactical use of small air formations is a relatively simple matter, but the use of larger fleets demands much preparation."

Imperial Airways Plane Crashes Near Alexandria

Twelve persons, including two women, were killed when the Imperial Airways liner *City of Khartoum* plunged into the sea a few miles from Alexandria Harbor in the night of Dec. 31 while proceeding to Alexandria from Crete. A British destroyer rescued the pilot—the sole survivor of the tragedy—while nine passengers were among the victims.

Russia's Parachute Army Shows Quick Mobility

The quick mobility of the Soviet army's new offensive weapon—its parachute and aeroplane infantry—is shown in figures made public in Moscow, Dec. 27 by War Commissar Voroshilov. He declared that the Red military machine has been developed to such an extent there is no doubt that the Soviet Union would be able to conquer any enemy. Commissar Voroshilov said that 11,200 men were transported simultaneously by air during recent army manoeuvres and safely landed with full light fighting equipment.

General Chiang Kai-shek Spends One Day in Shanghai

Gen. Chiang Kai-shek, who succeeded Wang Ching-wei as the president of the Executive Yuan recently, arrived in Shanghai from Nanking by train at 7 a.m. Jan. 5. He alighted at the Chenju Railway Station and was met by a number of high government officials, including Gen. Wu Te-chen, the Mayor, and Gen. Yang Fu, the commandant of the Shanghai Peace Preservation Corps. Both the railway station and Chungshan Road were heavily guarded by officers of the Peace Preservation Corps. From Chenju, Gen. Chiang was driven to his residence in the French Concession where he received several officials and inquired about local conditions. He then called on Wang Ching-wei and inquired about his health. Leaving Mr. Wang's home, Gen. Chiang proceeded to the residence of Huang Fu and had a talk with the former head of the defunct Peiping Political Council. The General then called on Marshal Tuan Chi-jui, and at the home of Hsu Tsung-chi, a veteran Party leader, but did not meet Mr. Hsu. Shortly before tiffin time, Gen. Chiang, accompanied by his wife, paid a visit to the grave of the late Mme. Soong, his mother-in-law, off Hungjao Road, and placed flowers on the grave. He then dined with Dr. and Mrs. H. H. Kung at the latter's residence. In the afternoon, Gen. Chiang called on T. V. Soong, former Finance Minister, at the latter's residence. Gen. Chiang Kai-shek returned to Nanking from Shanghai by air the same afternoon.

Mongolian Leader Hopes for Soviet Aid in Case of Attack

Moscow newspapers Jan. 4 reprinted an interview of the Chairman of the Council of Ministers of the Mongolian People's Republic, M. Gendun, with the Moscow correspondent of the *Associated Press*.

M. Gendun stated, "The actions of the Japan-Manchurian troops on the frontier of the Mongolian People's Republic in the past year sufficiently and clearly show their aggressive nature and intentions. At a tremendous cost, great sacrifices and persistent struggle, the Mongolian people obtained the possibility of building up its life freely and independently, and already fourteen years have elapsed since we engaged in the peaceful up-building, directing all our efforts to the development of national economy, the rise of the cultural level and material welfare of our people."

"Prior to the formation of Manchukuo, we had no collisions on our frontier and enjoyed all the peace of independent existence. However, with the arrival of the Japanese troops in Manchuria, the situation radically changed. The Japan-Manchurian troops attack our frontier, seize territory of the Mongolian People's Republic, etc. All our requests to leave us in peace and all our attempts to reach an agreement in a peaceful way have failed."

M. Gendun further stated that the preparation for the seizure is, in the first place, aimed at the liquidation of the independence of the Mongolian People's Republic and the transformation of the latter into a second Manchukuo where it would become easy to prepare further attacks on China and the U.S.S.R.

"We do not wish to be embroiled in any lien or combinations and we will defend our own borders and our independence. It may be presumed that in case of invasion of the Mongolian Republic by Japan-Manchurian troops under the present circumstances, it would, as any violation of peace, inevitably arouse great upheavals in other countries," M. Gendun further declared.

Touching on the present visit of the Mongolian delegation to Moscow, he stated: "We are maintaining close and friendly relations with the Soviet Union and we have always met and are meeting with the most attentive friendly attitude and assistance. Every cattle-breeder in the Mongolian People's Republic is aware that the U.S.S.R. is our friend and is definitely interested in the peaceful development of Mongolia and we believe and hope that the U.S.S.R. will support us in case we become the victim of an attack on the part of aggressors. I arrived in Moscow to solve a number of current problems."

In conclusion, pointing out the fresh raid of the Japan-Manchurian troops which took place on December 19 on the frontier outpost of the Mongolian Republic, M. Gendun stated: "We have information that new attacks on the Mongolian Republic are being prepared. We lodged a protest with Manchukuo and warned the latter of the grave consequences that further attempts at such attacks may lead to and placed the responsibility of these consequences on Manchukuo and Japan. We are naturally obliged to take measures to defend our independence and will not permit the invasion of usurpers. We have the strength and determination for this."

M. Gendun expressed confidence that, in case of "a plunderous attack" upon the Mongolian Republic, the Republic will meet with the sympathy and assistance of all those interested in peace.

Japanese Army Circles Concerned Over Events in West Manchuria and Mongolia

Japanese military circles profess concern over the developments in the Lake Buyer-nor district, as reports received in Tokyo asserted that Outer Mongolia was rapidly shifting her armed forces to the border with Manchukuo. The reports also alleged that Mongolian troops are working in close collaboration with the Soviet Army, direct connections having been established between Ulan Bator and Moscow and Khabarovsk. The military circles found a confirmation of their beliefs in a report of the Peiping Correspondent of the London *Daily Telegraph*, reprinted in the Berliner *Tageblatt* on Dec. 21, describing the alleged co-operation between Outer Mongolia and Soviet Russia. The report said that Mongolia now had one division of Soviet troops with excellent mechanical equipment and 200 planes, and that mechanical units were recently stationed along the Mongolian-Manchukuo border. G. W. Gorman who is now the Peiping Correspondent of the *Daily Telegraph*, was formerly the editor of the *Manchuria Daily News* in Dairen.

Seven Japanese Students Reported Missing in North Manchuria

Seven Japanese university students and two Mongol guides who left Hailar on Jan. 2 on a mountaineering expedition towards the Hsingan range are stated to be missing.

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President Roosevelt Says Autocracy Endangers Peace

A sharp contrast between the conditions prevailing in the world in the early part of 1933 and those existing at present was drawn by President Roosevelt in the annual message to Congress, Jan. 3. Speaking before both houses of Congress in joint session, the President recalled his inauguration speech on March 4, 1933. "The crisis at that moment," he declared, "was almost exclusively national. The world picture was the image of substantial peace, and gave a reasonable expectation that the barriers to mutual confidence and increased trade could be removed."

Since then, the President asserted, a "good neighbor" policy had come to prevail in the western hemisphere. But, as to the rest of the world, he said, "Ah, there is the rub. Since the summer of the year 1933, the temper and purposes of the rulers of many great populations of Europe and Asia have not pointed the way to either peace or good-will among men."

Expressing his alarm in unmistakeable terms, President Roosevelt declared, "The point has been reached where the people of the Americas must take cognizance of the growing ill-will and the marked trends toward aggression, of increasing armaments and shortening tempers—a situation having many elements that may lead to the tragedy of a general war."

Many nations, said the President, if let alone, would be content to solve their problems peacefully, but their rulers must be vigilant against attack "by the rulers of other peoples who fail to subscribe to the principles of bettering the human race by peaceful means."

The peoples of such nations, Mr. Roosevelt declared, "blindly follow their leaders seeking autocratic power." The nations seeking expansion, seeking to rectify the injustices of former wars, or seeking outlets for trade and population fail to demonstrate patience.

They have reverted to the "law of the sword," the President said, "or to the fantastic conception that they alone are chosen to fulfill a mission. I recognize that those words will not be popular in any nation choosing to fit this shoe to its foot," he remarked.

The Chief Executive said that his sentiments would find sympathy in nations desiring peace but which had been forced to align themselves with the "jockeying tactics characteristic of European and Asiatic relations to-day."

Ninety per cent, of the world's population, said the President, is content with present boundaries and willing to reduce armaments. Ten per cent. of the populations of the world, he declared, was forcing the rearmament of nations. "That is why even the efforts to continue the existing limits of naval armaments show little success."

The President said that the United States policy was consistent in the expression of the desire to limit armaments and peacefully to solve disputes by moral force and oppose the repressions exercised by autocracies.

He cited the American neutrality legislation and said that if war were inevitable, both North and South American nations must maintain a well-ordered neutrality, maintain adequate defences and do their utmost to persuade the belligerent nations to return to peace.

"Evidence proves," he said, "that autocracy endangers peace. Such threats do not spring from nations devoted to democratic ideals."

Germany Not Interested in Armament Limitation

A frank statement that Germany is at present not inclined to agree to a limitation of armaments, an air Locarno or any regional pacts as outlined in the Franco-British memorandum of February, 1935, was made Jan. 1 by a speaker in close touch with the Wilhelmstrasse.

Japanese Arms Stocks Rise—Conference Failure Expected?

Stocks of heavy industries, dockyards and munition manufacturers soared this week in Japan, as the press predicted an imminent failure of the naval disarmament Tokyo conference in London. Meanwhile, Tokyo naval quarters declared that in view of the "inadequacy" of proposals put forward by the French and Italian delegations to the London negotiations, Japan has no alternative but to continue to support the principles of the "common upper limit" and "non-aggression and non-meance."

The French and Italian plans, proposing mutual notification of armaments, "do not belong to a naval disarmament agrement," Tokyo naval circles asserted, because they carry no binding power. The proposal would, thus, be advantageous to powers with superior armaments, they argue.

The French delegation, in advancing its plan, was motivated, according to Tokyo naval observers, by a desire to know the shipquilding program of Germany, anticipating a breakdown of the London conference.

Swedish Red Cross Unit Bombed by Italians in Ethiopia

The bombing on Dec. 30 by Italian airmen of a Swedish Red Cross unit Dec. 30, at Daggah Bur, Ethiopia, as a result of which more than a score of patients lost their lives, and several Swedish doctors and nurses were killed, caused a world-wide sensation, particularly in Geneva. Swedish circles declare that until a definite assurance is received from Geneva that the Italians are prepared to respect the Red Cross, the survivors of the unit will not return to their ruined encampinent. The Italian press strongly accuses the powers participating in the sanctions of exploiting the Swedish Red Cross incident in order to be able to turn the screw of sanctions tighter.

League Again Requested to Investigate Italian War Methods

A request for an international investigation into the respective methods used by Italy and Abyssinia in waging the Ethiopian war has been made to the League of Nations by the Abyssinian government.

The request recalls that notes have frequently been addressed the League by Abyssinia, calling attention to the numerous instances of violation by Italy of the international rules governing war. Reminding the League that the Committee of Thirteen was entrusted by the Council early in the history of the campaign with the task of studying the entire situation, Ethiopia has asked that the committee shall appoint an enquiry commission.

Britain and Egypt to Negotiate

Fresh instructions were sent to Sir Miles Lampson, High Commissioner for Egypt and the Sudan, Jan. 6 with a view to attaining an adjustment in the relations between Great Britain and Egypt. Sir Miles has also been asked to reaffirm Great Britain's undertaking to use her influence with the capitulatory Powers concerning the application of Egyptian law to foreigners, and to state that the position of the mixed courts are now being earnestly considered in London.

The Test to Come

(From the Japan Chronicle, Kobe)

The year which has just closed has obviously been one of the most important of the post-war era. Whether we have learned the lessons of it will become apparent in the next twelve months. Politically and economically the red danger signal has been flashing. The superficial changes since January 1935 are striking, but they lead no man knows whither. The outstanding event, of course, has been the development of the Italo-Abyssinian dispute. We make no apology for returning once again to this subject; it is no exaggeration to state that the fate of the world rests on a satisfactor solution, a solution that will not only teach the would-be aggressory nations that war no longer pays, but a solution that will hold out to the "have nots" the possibility of achieving legitimate aspirations without recourse to war.

Withdrawal of U. S. Forces in North China?

Official quarters in Washington have made the prediction that the United States will withdraw its troops from Tientsin and Peiping shortly if the Japanese succeed in establishing a stable autonomous government in Hopei Province, asserts an *International News* dispatch to the *Tokyo Yomiuri*. The removal of the American garrisons would be in line with the Roosevelt Administration's policy of withdrawing American troops ordered to foreign soil under the "dollar diplomacy" of previous Administrations.

At present there are 48 officers and 700 infantrymen in Tientsin and 600 marines in Peiping. It was stated that their removal has been recommended by Major-General Charles E. Kilbourne, commander of the Philippines department, who also supervises the China detachments. Major-General John H. Russell, commandant of the Marine Coprs, who recently returned to Manila from Tientsin, reported on the situation to Major-General Kilbourne.

Tangku Railway Station Occupied by Japanese

A detachment of 60 Japanese trops arrived at Tangku Jan. 5 and took possession of the Peiping-Mukden Railway station there. They are stated to have taken down the Chinese flag flying over the station and hoisted the Japanese flag in its place. Some of the troops are reported to be on patrol duty in Tangku.

Despite threats and rumors to the contrary, it is reliably stated that all Customs revenues in East Hopei, including Chinwangtao and the passes, are still being collected normally and remitted to the Central Government.

Who's Who in China

郭彝民
Kwo Yee-ming (Kuo Yi-ming)

Kwo Yee-ming, consular official; native of Shantung; born at Changchung, Kirin in 1893; studied Chinese literature in his younger days, and at the age of twenty, after completing his middle school education, he went abroad to Japan studying economics at the Tokyo Imperial University, where he was graduated with the degree of Master of Economics at the age of 30; returned to China and served as the Dean of the College of Law, Kirin; secretary to the Salt Commissioner of Manchuria; diplomatic secretary at the Provincial Office, Mukden; in 1925, he compiled the new History of Salt Texation Law of the Three Eastern Provinces; after the establishment of the National Government, he went to Nanking and became a secretary in the Ministry of Foreign Affairs till 1932, when he was appointed Consul-General, Yokohama; address: Chinese Consulate General, Yokohama, Japan.

郭彝民，原籍山東，生於吉林省長春縣，自幼研習國學，年二十中學畢業後，即負笈東渡，入日本東京帝國大學研究經濟學得碩士學位。年三十歸國後，歷任吉林法政專門學校教務主任，東三省鹽務署秘書，奉天省政府外交秘書等職。一九二五年，著「東三省鹽稅法史」。迨國民政府建都南京，任外交部秘書。一九三二年，被委日本橫濱總領事，現任此職。通信處：日本橫濱中國總領事館。

Death of Dr. Ting Veng-kiang, One of China's Leading Scholars

The death occurred Jan. 5 of Dr. Ting Ven-kiang, one of China's leading geologists and scholars, at the Hunan Yale University Hospital at Changsha following lung troubles developed after Dr. Ting was found unconscious in his room in Hengyang, overcome by the gas fumes emanating from a coal stove. He was 49 years old. Chief secretary of the Academia Sinica at the time of his death, Dr. Ting was a native of Taihsien, Kiangsu. He obtained the Bachelor of Science degree in Glasgow and later the Doctorate of Science in Freiburg, Germany. Upon his return to China, he held various posts between 1922 and 1928, which included directorship of the geological survey of the Ministry of Agriculture and Commerce and managership of the Peipiao Mining Company in Tientsin.

One of the most important posts Dr. Ting held was as "tupan of the Commercial Port of Shanghai," a post similar to that of a mayor, under Marshal Sun Chuan-fang. Dr. Ting was author of several important books including "Geology of the Yangtsze Dalta," and "Fifty Years of Mining in China."

Are You Subject To Colds?

Regular elimination of the waste materials from the body is the keynote of good health. Neglect of this vital function poisons the system and leaves you open to contract colds and other ailments.

To correct constipation avoid violent purgatives, which injure and weaken the digestive organs, and follow the example of the many men and women who are protecting their health by using Pinkettes when in need of laxative aid.

In a mild natural way Pinkettes cleanse the intestinal tract, restore regularity, activate the liver, dispel biliousness and sick headaches, sweeten the breath. They also clear away pimples and other skin blemishes, relieve piles. Protect yourself from colds and other ailments by taking an occasional dose of Pinkettes.

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When you reach the age for retirement you want to be able to enjoy your leisure and not to be continually suffering from ailments of one kind or another. Yet many men and women have their later years spoiled through persistent ill-health.

Blood impoverishment is often the basic cause of such suffering. The passing years make more and more demands upon the blood, consequently the only way to preserve health is to maintain a rich, red, plentiful supply of blood.

If you are feeling worn out, nervous, depressed; have palpitation, indigestion, dizzy attacks, pains in body or limbs, look to the condition of your blood. A course of Dr. Williams' Pink Pills is what you need to

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thereby revitalizing the nerves, strengthening the digestive organs, and toning up the whole system.

Many men and women well past the prime of life have derived great benefit from taking Dr. Williams' Pink Pills; why should not you? Remember they are no quack remedy but the prescription of a British physician, an M.D. of Edinburgh University, and begin a course of them to-day. They are obtainable at all chemists.

Dr. Williams' Pink Pills.

Men and Events

LaSelle Gilman, journalist and correspondent for the *China Press* in Peiping, is visiting Shanghai.

P. D. G. Gain, manager of Slowe and Co. Ltd., has been named Trade Commissioner in China for the Union of South Africa.

A grant-in-aid of $16,000 for the maintenance of its clinic is being asked of the Shanghai Municipal Council by the Japanese Residents' Corporation,.

A young Russian, N. A. Shegloff, the son of a well-known contractor, returned to his home in Harbin last week after having been held prisoner by bandits for 144 days.

John Littell of the U.S. Consulate General in Shanghai will shortly depart with Mrs. Littell for Kingston, Jamaica, where Mr. Littell has received an appointment as consul.

Captain and Mrs. C. C. Brown are at home in Route Ghisi again after a Peiping holiday which they spent visiting Dr. and Mrs. Frazier of the Peking Union Medical College.

Dr. Kiang Kang-hu delivered a lecture before the North China Branch of the Royal Asiatic Society on "Cultural Relations between China and the West," Thursday, Jan. 9.

Two persons were killed and 30 were injured when a bus, proceeding from Wuhu to Nanking, overturned near Tangtu Jan. 4. The injured are being cared for in a hospital in Wuhu.

C. H. French, head of Andersen, Meyer, and Co. Ltd., is returning from the U.S. to Shanghai in the *President Coolidge*, on Jan. 12. He will make his home at the Cathay Hotel.

Churtong Yih, prominent Chinese banker, recently appointed director of the Central Trust Bureau as successor of Chang Kia-ngau, returned this week from a business trip to Hongkong.

The Prince of the Asturias, Juan de Bourbon, and his bride who, before her marriage was Maria de Orleans, were due to arrive in Shanghai, Jan. 9.

The Foreign Trade Association of China has prepared a pamphlet on the Chinese and world goatskin trade. The pamphlet contains figures of world production and consumption by countries and is illustrated by charts.

Dr. Wu Lien-teh, Director of the National Quarantine Service, sailed from Shanghai this week for Singapore, where he will join the convention of the Advisory Council of the League of Nations Eastern Health Bureau.

Edgar Wise of the Dollar Steamship Company lectured at the Foreign Y.M.C.A., Jan. 7 on "My Trip Through Shensi, Honan, and Szechuen." The talks was illustrated with moving picture films.

Dr. Harris G. Nelson, a graduate of the University of Michigan, was admitted to practice in the U.S. Court for China Jan. 6. He is assisting Dr. George Sellett in the prosecution of the Messrs. Raven and Brown in the U.S. Court for China.

Li Ping-heng, member of the Governing Body of the International Labor Office of the League of Nations, will sail for Vladivostok from Shanghai on Jan. 19. From Vladivostok, he will proceed to Geneva via the Siberian Railway.

Chang Chia-ngau, Minister of Railways, arrived at Kalgan Jan. 5 on an inspection tour, accompanied by Shen Chong, Adviser, Chang Li-san, chief accountant of the Ministry and Chang Wei-fang, director of the Peiping-Suiyuan Railway line.

Miss Christine Hall, daughter of Mr. and Mrs. R. A. Hal of Nanking, and Dr. Ardron B. Lewis, Agricultural Statistician in the College of Agriculture of the University, were married on New Year's Day in the Ginling College Chapel.

More than 5,000 bags of sugar have been smuggled into Fukien Province through Amoy, Chienchow and Changchow in the past three months, according to the Customs authorities and the Sugar Taxation Bureau.

A lecture on "Technical and Professional Education in the United States" was given at Chiaotung University Jan, 7 by Dr. Dugald C. Jackson, retired head of the Department of Electrical Engineering at Massachusetts Institute of Technology.

Following complaints against unauthorized landings by Japanese from row boats along the north Australian coast, it is understood that the Australian Government contemplates asking the Japanese Government to take measures to prevent this in future.

Acting upon the instructions of General Chiang Kai-shek, the Ministry of Communications has again urged O. S. Lieu, Managing Director of the China Merchants' Steam Navigation Company, and the Board of Directors of the concern to withdraw their resignations.

The Tomb of the Unknown Soldier, constructed at Miaohang-chen, Kiangwan, near in Shanghai, in memory of Chinese soldiers and other patriots who were killed during the Sino-Japanese hostilities of 1932, now stands completed and will be dedicated on Jan. 28 in conjunction with commemoration of the Shanghai war that broke out four years ago that day.

Yu Ngo-ling, a graduate of Fuh Tan, and Su Kwang-yu, a graduate of Chinan University, departed for the United States this week, the former to study modern business methods at New York University and the latter hydraulic engineering at Iowa State University.

William Allen White, editor of the *Emporia* Gazette, was the speaker at the U. S. Marines religious service in the Grand Theater, Shanghai, Jan. 5. In addition to 600 Marines, more than a thousand civilians were in attendance. Mr. and Mrs. White have in the meantime sailed for the U.S.

J. P. McEvoy, *Saturday Evening Post* writer, addressed the International Arts Theater, Shanghai, Jan. 6 at 5.15 p.m. when he spoke on "The Second Oldest Profession—Mine." Mr. McEvoy was introduced by a fellow author, also at present residing in Shanghai, Miss Emily Hahn.

The Tientsin office of the German firm of Carlowitz & Co., celebrated a treble event on Jan. 2, the ninetieth year since its foundation in the Far East, the fiftieth year since its opening at Tientsin and fiftieth year since Wong Kuei-tsai, their export compradore, joined the firm.

The identity of Yu Chi-hung, a notorious Communist-bandit chief, who was killed in a recent battle with the Government troops in Western Szechuan was verified as the result of an inquest held Dec. 26 at Chengtu. Another bandit chief by the name of Wan Kiu-ti was executed at Lucheun on the same date.

Tu Chung-yuan, Editor of the *New Life Magazine*, who is now in jail serving a sentence of 14 months' imprisonment for publishing an article regarded as offensive by the Japanese authorities, is accused by the *Shanghai Nippo* of having contributed a series of anti-Japanese articles to the *Life of the Masses*, a local Chinese periodical.

More than a thousand shops in Peiping have reported to the Chamber of Commerce regarding poor business conditions. These shops declare that they will have to close down before the end of the Chinese new year holidays if no financial assistance is forthcoming from the Government.

William E. Sauer was presented with a Presentation Colt 45 at the thirtieth anniversary dinner of the American Company of the Shanghai Volunteer Corps held Jan. 6. C. J. Doughty presided. Mr. Sauer was the only member present who was with the American Company at its organization in 1906.

Following the rendition of the British Settlement at Kuling (Kuling Estate), the Central Government has decided to grant an annual subsidy of $100,000 to the Kuling Administrative Bureau for the development of the popular summer resort. It is understood that the first piece of construction work will be the building of a swimming pool before the summer.

The appointment of Chen Chiao-sheng as Managing Director of the Peiping-Liaoning Railway by the Hopei-Chahar Political Affairs Committee has been confirmed by the Ministry of Railways in an official order. Hsu Cheng-huan, Dean of the Peiping Railway College of Chiaotung University, has been appointed Assistant Managing Director in succession to Cheng Pao-chao, who has been transferred to the Ministry.

A graphic account of the famine conditions prevailing in Shantung was given in a letter received from George D. Wilder of the China International Famine Relief Commission this week. The correspondent quoted one carpenter whom he met on a four-day trip in Shantung as stating that famine now prevailing in Shantung is worse than that of 1921, which was the worst ever seen before in that province.

High praise was bestowed upon the leaders of Kwangsi Province for their efforts in promoting the welfare of the masses by Col. Hiroshi Nemoto, chief of the press section of the Japanese Ministry of War, on his arrival last week in Shanghai from a two-weeks trip in the Southwest. The "earnestness" being shown by Gen. Li Tsung-jen, pacification commissioner for the province, and Gen. Pai Tsung-hsi, chief of staff of the Fourth Army Group, was "really admirable," Col. Nemoto said.

Appeals to oppose "Japanese Imperialism" and defend the Chinese Soviets were carried by leaflets and pamphlets recently distributed by mail by the Chinese Communist Party in Shanghai. One of the pamphlets, in the English language, was issued by the Shanghai National Salvation Society, and was entitled: "An Appeal to the World Friends of China." Another pamphlet, was published by the Chinese Communist Party and was headed: "An Appeal to the Nation, the Parties and the Army."

Japanese to Open Mines in Kwangsi

The Hsin Chung Company, organized by the South Manchuria Railway Company, has decided to extend its influence to Kwangsi Province. According to reliable sources, certain capitalists in Japan have invested Yen 15,000,000 for the opening of iron and tin mines in Kwangsi through the Hsin Chung Company. The Kwangsi Provincial Government is reported to have agreed to organize a Sino-Japanese corporation for the development of the mines. Hsieh Ta-kiang, a Formosan, has been appointed by the capitalists as their representative and it is reported that Hsieh is very active in Kwangsi at present.

GEN. CHIANG VOICES CONFIDENCE IN CHINA'S FUTURE; MORE SINO-JAPANESE TROUBLE LOOMS IN NORTH CHINA

(*Continued from page 193*)

HU HAN-MIN DUE BACK FROM ABROAD JANUARY 21

Arrangements are being made by the Nanking Government to extend a cordial welcome to Hu Han-min, veteran Cantonese statesman and newly-appointed Chairman of the Standing Committee of the Central Executive Committee, one of the highest positions in China—who is expected to arrive in Hongkong from Europe on January 21. General Hsu Chung-chih, vice-president of the Control Yuan, is proceeding to Singapore to greet Mr. Hu on behalf of the Government. It is also reported that Sun Fo, President of the Legislative Yuan, will sail for Hongkong on January 14 to confer with Southwest leaders and to meet Mr. Hu.

According to a *Reuter* message from Canton, delegates from Kwangtung, Kwangsi and other provinces are now gathered in Canton ready to sail for Singapore in the next few days to greet the returning Kuomintang leader. The Southwest Political Council decided Jan. 6 that each high Government organ in Canton should despatch one delegate to Singapore to meet Mr. Hu, who is expected to make a brief stay in Hongkong before proceeding to Nanking.

The 7th Kwangtung Provincial Congress of Party Delegates in Canton Jan. 4 was formally opened at the Sun Yat-sen Memorial Hall. Over 300 delegates of District Party Headquarters in Kwangtung and representatives of Party and Government organs were present. Lin I-chung, member of the C.E.C., presided.

FENG YU-HSIANG SWORN IN AS VICE-CHIEF OF MILITARY AFFAIRS COMMISSION

In the presence of 600 officials, General Feng Yu-hsiang was formally inducted into office as Vice-Chairman of the Military Affairs Commission Jan. 6. Lin Sen, Chairman of the National Government, who presided, paid a tribute to the "Christian General's" outstanding service to the state and the party. He expressed confidence that he could make further contributions in his new post. General Li Lieh-chun, a member of the Central Supervisory Committee, administered the oath of office, while General Chiang Kai-shek, Chairman of the Commission was among those present.

The other vice-chairman of the Military Affairs Commission, General Yen Hsi-shan, will come to Nanking from Taiyuan early next month to assume his post.

WANG CHING-WEI REPORTED MAKING PROGRESS IN RECOVERY

Wang Ching-wei, Chairman of the Central Political Council, who is recuperating in Shanghai from bullet wounds received during an attempt on his life on November 1 last year at Nanking, is making steady progress towards recovery, according to a *China Press* report Jan. 3. Mr. Wang is able to sit up to read and write. No date has been decided upon by his attending physician Dr. Kurt Noll, for the extraction of a bullet still lodged in his back.

HUNAN REDS STRIVE TO CROSS BORDER BUT ARE REPULSED

Reds and Government troops are at grips in southwest Hunan, according to a *Reuter* report from Hankow Dec. 31. One group of Reds belonging to Ho Lung endeavored to cross the border of Hunan into Kweichow but met strong opposition on the border, as a result of which they turned round and began to retreat northwards. They were followed by troops and, on December 28, fighting was reported to be in progress in the area between Hungkiang and Kiangyang, in southwest Hunan, while the situation at Chihkiang, a nearby town, was reported to be tense as it was feared that city might become involved. The Hunan Provincial Government was asked to provide protection for foreigners in the Chihkiang area.

General Chang Hsueh-liang, vice-Commander-in-Chief of the Northwestern Bandit-suppression Forces, and General Yang Hu-cheng, Director of the Sian Pacification Headquarters, made an aerial observation tour over Suiyuan, Tsingkien, Chenchuan and Hsiangshui, northern Shensi, Jan. 5 in order to get acquainted with the bandit situation in northern Shensi. Upon landing at Yulin, the two leaders inspected the provincial vocational school in the city.

CUSTOMS NOTIFICATION No. 1491

In accordance with the regulations, all firms and Customs brokers registered with the Customs must re-register annually during the month of January. Firms and Customs brokers are hereby warned that, if they have not re-registered by the end of January, they will have to complete all the formalities of new registration.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 4th January, 1936.

CUSTOMS NOTIFICATION No. 1492

With reference to Customs Notification No. 1478: notifying the enforcement of certain restrictions on commercial intercourse with Italy;

and in particular to Article 5, the public is hereby notified that, in accordance with Government instructions, Italian goods which can be proved to have been already *en route* to China before the 10th December, 1935, will be allowed entry even if arriving after the 1st January, 1936.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 4th January, 1936.

CUSTOMS NOTIFICATION No. 1493

The public is hereby notified that, in accordance with Government instructions, the Interport Tariff classification of salted turnips has been modified and that, as from the 4th October, 1935, shippers will be permitted to pay duty either at the specific rate laid down in the Tariff of $0.46 per 100 kilogrammes or at the rate of 5 per cent. *ad valorem*.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 6th January, 1936.

New Books of Interest in the Far East

A Pioneer in Scientific Research in China

Matteo Ricci's Scientific Contribution to China. By Henri Bernard, S. J. The French Bookstore, Peiping; 98 pages illustrated; translated by Edward Chalmers Werner. M.$6.00.

This is not a book for the casual reader or the literary voluptuary, for it is a purely scientific treatise on the status of mathematics and astonomy in China before Ricci's time and the contribution made to these sciences by him and his immediate successors, de Ursis and Pantoja, while at the court of Peking. The volume, written in French and translated into English, suffered, we should say, considerably in the process, as the translation is somewhat literal, halting, stilted, even ungrammatical at times. The book also is prolix and repetitious and could have been condensed into tho-thirds the space to advantage. However, for the research student who is interested in this particular subject, doubtless valuable material may be found in the book. One regrets that so few biographical details have been given about Father Ricci, whose life was one long adventure story, full of indomitable courage, inspired loyalty to his cause and vicissitudes which would have overwhelmed a weaker character than his. Representing, as he did, the most advanced learning and finest culture of the Europe of his time, the 16th Century, he spent his whole life in the endeavor to establish communications between the best minds of the West and the Far East.

The Greeks were the creators and initiators of the pure science as we know them. After the Greeks, the Arabs not only preserved the remnants of Greek knowledge for the West, but made great progress in mathematics (hence our "Arabic" numerals) and astronomy, while Europe vegetated. In fact, scholars of the early Middle Ages had only Arabic translations of Greek manuscripts until the fall of Constantinople in 1453 brought an exodus of ancient documents to Europe which started the Renaissance. Through the Mussulmans of Persia, the calendar and astronomical science was transmitted to China during the Mongol Dynasty of Kublai Khan and his successors. With the return of the Mings, however, in 1368, the old calendar was substituted for the new one and the Islamic legacy largely dissipated. In fact, Chinese culture turned back on itself and when Ricci arrived in China in 1582, all was forgotten. The education of the gentleman under the Mings consisted of a knowledge of the classics and five canonical books, archery and calligraphy, with no scientific knowledge whatever.

The newly formed Society of Jesus required every member to study a certain amount of mathematics, but Ricci was especially expert, as he had studied this subject at the Collegio Romano under Clavius, the greatest teacher of mathematics of his day, the man who was responsible for the reform of the Julian calendar. Ricci brought with him to China valuable books, globes, sun-dials, armillary spheres and other astronomical instruments; also such novelties as clocks, prisms, Venetian glass and other articles entirely unknown to the Chinese. One of his gifts to the emperor (somewhat later) was a spinet which nobody at the court of Peking knew how to play. He first settled in Kwangtung and soon had made a world map showing all that was known of cosmography in the 16th Century. His fame soon went forth as a savant—almost as a magician—and he was finally invited to the court of Peking.

Astronomy, or observation of the heavens, is the practice of all pimitive peoples and had been known in China from remote antiquity. It had acquired a metaphysical, political, ritualistic and social character in China, with the Son of Heaven responsible, through his priestly character, for promulgating the calendar. They believed the firmament produced the seasons and changes with an influence extending even to the moral domain. The terrestrial sovereign, they believed, could, if he deviated from his duty, create trouble in the celestial regions, and as Heaven and Earth were indissolubly united and interharmonious, the computation of the calendar had great religious and moral significance. If the Son of Heaven failed in his function and responsibility of computing the calendar, he committed an irreverance in the sight of Heaven which might harm his people and diminish the virtue of his dynasty. In short, astronomical calculations were a function of the state and an expression of the social and religious order.

The Emperor had two colleges of astronomers; one of eunuchs within the palace and the second outside the palace. The eunuchs calculated the calendar (seasons, eclipses, feasts, etc.) according to the immemorial and ancient rites; the outsiders, by mathematical tables brought to China from Persia by the Mongol Dynasty; then they got together and compared notes. Even then, however, they made many errors. Ricci and his immediate successors attempted many times to reform the methods of the College of Astronomers, but, due to jealously and superstition, their efforts failed. However, through their own efforts and those of distinguished Chinese pupils like Paul Hsu at Shanghai, Li Wo-tsun at Hangchow and Chu Tsai-su at Nanking, a marked impression was made on Chinese thought.

For about two centuries (1583-1789), the Jesuits in China attempted to establish direct commerce of ideas between the East and the West and Matteo Ricci was the founder and initiator of the movement. In addition to his role of zealous and faithful missionary, his fame remains as a reformer of Chinese astronomy, mathematical science and geography.

M. W.

Rockefeller Foundation Makes Grants to University of Nanking

Word has been received of grants having been made by the Rockefeller Foundation to the College of Agriculture and to the College of Science of the University of Nanking, totaling 72,500 yuan and U.S. 5,500. Of this total, 17,500 yuan is designated to the College of Science and the balance for the College of Agriculture.

These grants are for the fiscal year beginning Oct. 1, 1935. In the College of Agriculture, the grants which have been made will be used for the financing of several special projects by the Department of Agricultural Economics. The Agricultural Prices project includes the compilation and comparison of current data on money and prices in China. Daily quotations have been tabulated from Aug. 1, 1934, and are being kept up to date. It is planned to use these data as the basis for periodical, mimeographed releases, on the subject of prices, money, and economic conditions in China, specially as they relate to the welfare of the agricultural population. The project also includes a compilation of index of prices received by farmers and prices paid by farmers in the Nan Men Market, Nanking, and similar studies for Nanhsuchow, Anhwei, and Wuchin, Kiangsu.

Farm Business Organization Project Has Two-Fold Purpose

The Farm Business Organization project has the two-fold purpose of studying farm business to ascertain the recommendable features of an individual farm and of determining whether the opening up of uncultivated hill land is profitable. Wukiang, Molingkwan, and Nanhsuchow are the three regions chosen for the farm business survey and from the data obtained it is planned to work out a suitable farm organization for each region studied. The opening up of hill land for cultivation will be studied in five provinces, Kiangsu, Chekiang, Anhwei, Kiangsi, and Hupeh. A study of farm implements is also being made in connection with the Farm Business Organization project, and another study is in progress dealing with the diet of farm families. Two phases of this study are now in progress: the collection of information on the kind and amount of food consumed, and the chemical analysis of the food products consumed, including raw, processed, and cooked foods. A third phase of this study will be the attempt to improve the diet of farm families by encouraging them to grow proper foods for home consumption.

How the Rockefeller Grant Is Being Used

Special training in cooperative organizations was given this semester by the Department of Agricultural Economics and will be continued next term. Twenty-four students from various sections in China are enrolled. Their course includes field practice as well as lectures, and classroom work on rural sociology, farm management, cooperative organizations, and agricultural statistics.

A two-year post graduate course leading to a Master's degree in this Department is to begin in the fall of 1936. Courses will be offered in three major subjects: cooperatives, rural sociology, and agricultural economics and farm management.

In the College of Science the Rockefeller Grant is being used for instruction, through support of the professorial staff in physics, zoology, chemistry, mathematics; for equipment, particularly in chemistry, physics, and biology, and for maintenance of laboratory courses in these three subjects. The College of Science is carrying on research and study in such practical fields as that of wood distillation, in the attempt to make possible the avoidance the loss of "thousands of dollars going up in smoke"; of dye stuff; of soils and fertilizers and nutrition, the College cooperating with the Reconstruction Bureau of Kiangsu Province in an analysis and study of chemical fertilizers: and in visual education, particularly in the production of educational films for use in the rural districts. The College of Science is cooperating with the National Cinematographic Association, the National Studio, and the College of Agriculture of the University in the production of these pictures. Post-graduate work will be given next year by the Department of Chemistry.

Manchukuo Protests to U. S. Consul—Asks Relief of Thriftcor Depositors

Acting under instructions from the Foreign Office, the Foreign Affairs Commissioner in Harbin Dec. 23 sent a note of protest to the local American Consul demanding that he take adequate measures immediately for the relief of depositors of the Thriftcor Bank which closed some time ago. In order to protect the interests of the depositors, the Foreign Office and the White Russians' Bureau there have presented notes of protest to the American authorities on several occasions but, in the words of the *Kokutsu* News Agency, "so far they have failed to show any sincerity towards the proposed readjustment of affairs of the closed bank."

The Department Store's Place in a Community

BY JULEAN ARNOLD
(American Commercial Attache)

A PROPERLY organized and well functioning department store renders a distinctive service to the community. Being a well capitalized institution and having a responsible board of directors, it must maintain a good reputation. There is too much at stake to risk sacrificing its good name through resorting to questionable methods of business. Thus, the department store must carry good goods, or at least the quality of the goods must be in keeping with what they are advertised to be.

A department store has the distinctive advantage of selling on a "one price" basis, thereby saving the customer from the time-consuming and nerve-racking task of bargaining over every transaction. By carrying huge stocks of varied lines well and conveniently displayed, the customer is able to supply his wants with more expedition and greater satisfaction than if obliged to visit a number of different shops in efforts to secure the desired articles. What is of still greater importance is the fact that a well capitalized department store is able to buy more intelligently and more cheaply, hence should be able to sell at lower prices than those not in a similarly favorable position. In their ability to operate department stores successfully the Chinese are developing retail merchandising in a most modern and up-to-date fashion and no institution offers more alluring attractions to the buying public than does the Chinese department store.

It is the aim of a modern department store to accord customers every possible comfort and convenience through the assistance of well trained personnel and clerical force so that shopping becomes a distinctive pleasure. One of the special features of a modern department store is the basement bargain counters. These counters are so handled as to offer special bargains to the buying public from time to time and are a very alluring attraction. In addition to a well arranged elevator service a modern department store is equipped with escalators facilitating travel between the different floors offering popular lines of merchandise. Another great advantage offered by the department store is the large space devoted to show windows, thereby according the public an opportunity of seeing goods attractively displayed and hence suggesting purchases and bargains.

Chinese department stores, more so than their American counterparts, make special efforts to include entertainment features. Special space is set aside for theatricals, movies, and many other entertainment attractions. They also provide excellent facilities in the way of restaurants, tea gardens and refreshment booths.

There is probably no other institution which is so thoroughly international as a department store, for upon its shelves and counters are assembled goods brought from all corners of the earth. In this sense it may be considered a permanent international exposition. It brings to China samples of goods as manufactured in the leading industrial centres of the world. Many of these products are internationally advertised and have come to enjoy the patronage of peoples of all nationalities and races. Thus, through the department store the Chinese public is able to draw upon a wonderful store-house of articles astembled from the trade centers of the seven seas.

There is probably no other country on the face of the earth that has so much to offer by way of the handicraft arts as has present day China. Tourists visiting this country are keenly interested in the hand-made products of China's skilled artisans. With modern sales methods and proper methods of display, the beautiful hand-made articles as produced by the skilled Chinese artisans could be made to command manifold greater sales than have obtained in the past. A Chinese department store by featuring displays of the products of this country's handicraft arts not only makes it easy for the tourist in search of this unique contribution which China is making to the world of art, but also stages a perpetual exhibit of equal interest to the Chinese people themselves.

China is now embarking upon modern manufacturing and efforts are being made to stimulate modern industry in its varied phases. Chinese department stores are only too eager to stimulate the sales of domestically manufactured products. The department store has its reputation to conserve and cannot afford to handle cheap, shoddy imitations of quality products. Thus, it is one of the best exponents of honesty and quality. This is a rightful place for the low-priced articles and the department store finds numerous opportunities to handle these, but upon the appeal of cheapness rather than quality. On the other hand, as quality goods turned out in larger quantities by Chinese manufacturers, the department store serves as a most effective medium for the marketing of these domestically produced articles. Here again, the visitor to the department store will find upon it shelves testimonials to the varying stages of development of industry in this country. Thus, the department store in an important commercial centre such as Shanghai not only renders a conspicuous service to the community, but serves as a most interesting exhibition of international and domestic industry and commerce.

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Japanese Admiral Attacks Naval Attitude and Immigration Laws of U.S.

In an article printed in the *Tokyo Jiji*, Admiral Kichisaburo Nomura takes strong exception to the attitude adopted by America towards what he regards as the most just, fair and pertinent disarmament proposals urged by Japan. In the Admiral's opinion, America, who values freedom and equality above everything else, ought to be the first to support the Japanese point of view. The American attitude towards the disarmament problem is of a piece with her attitude towards the immigration issue, the Admiral said. It is impossible to discern in it the spirit of freedom and equality, or the spirit of fair play.

Philippines Naval Base Advocated

The Navy League's magazine, *Sea Power*, stated in a leading article in the issue published Dec. 24 that, if the United States abandons the Philippines without retaining a well-fortified naval base, it will cease to be a world power. The editorial further said that a base in the Philippines represents the equivalent of seven to ten battleships and that it would be cheaper to build and maintain. Finally, the article declared that, if the United States falls back upon Pearl Harbor even after attaining treaty strength, it will be unable to protect United States commerce and other interests in Asiatic waters.

Kellogg-Briand Pact Assailed by Tinkham

George H. Tinkham, Republican Representative of Massachusetts, announced last week that he will introduce a resolution in Congress repealing the Kellogg-Briand pact for the outlawry of war. Repeal of the pact is sought by the Congressman on the grounds that "it means war, not peace, through enlisting United States support for the League of Nations."

John V. A. MacMurray to Be Appointed U. S. Ambassador to Turkey

John Van Antwerp MacMurray, former Minister to China, is to be the next United States Ambassador to Turkey, a *U. P.* message from Washington, Dec. 30 stated. Mr. MacMurray resigned as Minister to China in 1929 to become director of the Walter Hines Page School of International Relations at Johns Hopkins University in Baltimore. In 1933, he was appointed Envoy Extraordinary and Minister Plenipotentiary to Latvia, Esthonia and Lithuania. At the end of 1933, when the United States extended diplomatic recognition to Soviet Russia, Mr. MacMurray was widely reported to be the choice for the first American Ambassador to Moscow, but the appointment did not materialize.

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Preparing for War with U. S. A.?

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The National City Bank of New York, Rates of Exchange

Shanghai, January 8, 1936

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January 8, 1936

Stock Exchange— Business Done:-

Total Volume: 3,080,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 6	Last Sale Jan. 7
11⅛	4	—	Adams Express	11	11⅝
149	110	4.00	American Can	132	132¼
39¾	20¼	0.40	Amer. Cyanamid "B"	30⅝	30⅞
9¼	2	—	American & For. Power	7⅝	8⅛
42	14	—	American & Foreign Pwr. $7 pfd.	30⅛	32¼
27⅛	10⅛	—	American Radiator & S.S.	26⅛	26⅝
159¾	98⅝	9.00	American Tel. & Tel.	158	159
107	74⅝	5.00	American Tobacco "B"	100¼	101⅝
22⅝	7⅛	—	American Waterworks	22⅝	23⅜
30	8	—	Anaconda Copper	28⅛	28⅞
63⅜	35⅜	2.00	Atchison, T. & S. Fe	63⅜	66⅛
44⅛	15	—	Auburn	42⅝	43
18	7⅛	—	Baltimore & Ohio	17	17⅜
55¼	21⅝	—	Bethlehem Steel	51¼	53⅜
24	6⅛	—	Boeing Airplane Co.	22⅛	24
13⅝	8⅜	—	Canadian Pacific Railway	11⅛	11⅝
110⅛	45⅜	—	Case, J. I.	95¼	93½
60	26½	1.00	Caterpillar Tr.	56⅜	55
43⅞	20¼	1.40	Chase National Bank	43⅞	44
61	36	3.00	Chesapeake Corp.	60¼	62⅝
53¼	37⅛	2.80	Chesapeake & Ohio	52⅛	53⅛
93½	31	1.00	Chrysler	87¼	89
15⅝	3⅜	0.20	Columbia Gas & Electric	14⅜	15⅜
28⅞	16⅛	0.60	Coml. Solvents	20¾	21⅛
3⅛	0⅝	—	Commonwealth & Southern (ord.)	3⅛	3⅛
34¼	15⅞	1.00	Consolidated Gas of N. Y.	32	33⅛
12⅝	6⅛	0.25	Consolidated Oil	12	12¼
34⅜	15⅛	62½	Continental Oil	34¼	34½
78⅝	60	3.00	Corn Products	72⅞	71⅞
57⅛	17⅛	0.75	Douglas Aircraft	54⅛	56⅝
145⅛	86⅜	3.60	Du Pont de Nemours	138½	138
20⅜	3⅛	—	Electric Bond & Share	17⅛	18½
40⅜	20⅛	0.80	General Electric	37⅝	39½
37⅛	30	1.80	General Foods	35⅛	35⅜
58⅞	26⅝	2.00	General Motors	55	56⅝
41	15⅝	1.00	General Railway Signal	40½	41¼
21½	14⅜	1.20	Gold Dust	20⅞	20⅝
26⅝	15⅜	—	Goodyear Tire & Rubber	23⅜	23½
64⅜	44	1.00	Humble Oil	63	63½
47	22¼	1.00	International Nickel	44⅝	44⅜
14¼	5⅜	—	International Tel. & Tel	13⅜	14⅛
98⅛	38¼	2.00	Johns Manville	95⅛	98¼
30¼	13⅜	0.80	Kennecott	28⅞	28⅝
54⅛	31¼	2.00	Loew's Inc.	52	52
26½	18⅛	1.20	Lorillard	25⅛	25⅝
94½	55	1.00	Monsanto Chemical	91¾	91
40¼	21⅜	—	Montgomery Ward	37½	37⅝
39⅝	18½	1.00	National City Bank	38⅝	40
22¼	12⅛	1.20	National Dairy Prods.	22⅛	22⅛
34	23⅛	2.00	National Distillers	29⅛	30
14⅜	4⅛	0.60	National Power & Lt.	11⅜	12⅜
29⅜	12¼	—	New York Central	29⅛	29⅞
28⅛	9	1.00	North American	28⅛	29⅛
32	13⅛	1.50	Pacific Gas & Electric	32	32⅛
55⅞	19	2.40	Pacific Lighting	52⅛	54
7½	2⅛	—	Packard Motors	7⅛	7⅛
84⅜	57¼	2.00	Penney, J.C.	77⅜	77
31⅝	17¼	0.50	Pennsylvania Railroad	32⅛	33⅜
40⅜	13⅝	1.00	Phillips Petroleum	38⅞	39⅛
46⅞	20⅜	2.40	Public Serv. of N.J	46¼	47⅛
13	4	—	Radio Corporation	12⅝	13
58¼	48⅛	3.00	Reynolds Tobacco "B"	57½	57⅞
55⅞	22	—	Schenley	47¼	47⅞
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27	10⅝	1.50	Southern California Edison	25⅞	26⅛
25⅛	12¾	—	Southern Pacific	24⅝	25⅜
19⅛	12½	0.80	Standard Brands	16½	16⅝
9¼	1⅛	—	Standard Gas & Electric	7	8¼
52⅝	35⅝	1.00	Standard Oil Co. of N. J.	51⅜	52
67⅜	58⅝	3.80	Sterling Products	65	65
36¾	28⅝	2.00	Texas Gulf Sulphur	33⅝	33½
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